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A FINANCIAL ANALYSIS OF THE ONTARIO UNIVERSITY SYSTEM—1984

Ontario Council on University Affairs
September, 1984

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EXECUTIVE SUMMARY

A Financial Analysis of the Ontario University System - 1984

The Ontario Council on University Affairs analyzes, in this paper, the financial circumstances of Ontario universities during the period 1977-78 to 1982-83 by examining what has happened to revenues, expenditures and commonly used measures of quality.

During the period 1978-79 to 1982-83, Ontario universities' real income and expenditures declined and then rose so that they averaged 3.9% and 4.6% less, respectively, than the 1977-78 levels. In 1982-83, however, real annual university system revenue and expenditures surpassed their 1977-78 levels by about 1%. Despite the constraint on resources available to Ontario universities since 1977-78, these institutions have increased their level of activity in the key areas of instruction (where FTE enrolment increased by 10.7%) and sponsored research (where real expenditures increased by 34.5%) and have been able to show an overall current year surplus throughout the period examined (Section A.1).

The real decline in resources available was more severe for those areas of activity that are most dependent on Provincial Government support (the operating fund and the capital fund). The only areas of activity to experience a decline in the share of total revenue available to Ontario universities during the period 1977-78 to 1982-83 were the operating fund and the capital fund. During the period 1978-79 to 1982-83, real operating income and real capital income averaged 6.9% and 38.8% less, respectively, than in 1977-78.

While the majority of operating income continues to come from Provincial Government grants, the share of total operating income from this source declined from 81.8% in 1977-78 to 77.4% in 1982-83. In comparison with universities in other provinces, Ontario universities receive a smaller proportion of total operating income in the form of operating grants. During the period 1977-78 to 1983-84 Ontario universities operating grants increased by only 59.9%. On the other hand, total Provincial Government

budgetary expenditures (excluding debt servicing) increased by 88.5%, indicating that, since 1977-78, the universities' share of Government resources declined significantly (Section B.1 (c)).

In comparison with universities in other provinces, Ontario universities have fared poorly in terms of Government operating support and operating income. In 1981-82, Ontario ranked tenth in operating grants per FTE student and ninth in operating income per FTE student. Government operating support and total operating revenue received by Ontario universities have also lagged behind those received by elementary and secondary schools in the Province (Sections B.1 (a), (c)).

In recent years, as a result of the constraints on Provincial Government operating grants, Ontario universities have had to rely more heavily on other sources of operating income. The share of operating revenue from student fees increased from 16.0% in 1977-78 to 19.1% in 1982-83. Similarly, the share of operating revenue from sources other than Provincial Government grants and student fees increased from 2.2% to 3.5% during this period. However, Council believes that these sources of income cannot be expected to increase significantly and therefore cannot be expected to compensate for shortfalls in Government support. Based on its past operating grants recommendations, Council estimates that, at a minimum, an additional \$ 115 million dollars in operating income was necessary in 1982-83 to bring the level and quality of service provided by the universities up to that provided by the universities in 1977-78 (Sections B.1 (d), (e) and (f)).

The constraints on the level of operating income mentioned above have had a direct effect on the level of operating expenditures. Since 1977-78, real operating expenditures have averaged 6.9% less than the amount spent in 1977-78. The universities have been able to adjust to constrained revenue and increasing and shifting enrolment with only minor shifts in expenditures. Since 1977-78, the split between academic and non-academic expenditures has remained virtually unchanged. Within the academic expenditure area there has been little change in the share

of expenditures for instruction and research and library resources, and a slight decline in the academic computing share of expenditures. Within the non-academic operating expenditures there has been a shift in expenditures away from physical plant and toward the other non-academic functional areas, particularly toward administration, and non-academic computing (Section B.2 (a)).


There has also been little change in the share of resources devoted to salary-related expenditures and non-salary expenditures. Expenditures on the major objects of expense - library acquisitions, operational supplies and expenses, utilities, and the two non-faculty salary categories of other instruction and research and other salaries and wages - declined more severely than did other objects of expense (Section B.2 (b)).

While the constraints on operating revenue have been significant, the constraints on capital revenue have been even more severe. From 1976-77 to 1983-84, Government support for capital expenditures has fallen short of Council's total recommendations by \$ 106.3 million. However, capital income from non-Governmental sources has been even more constrained than from Provincial Government sources (Section C.1).

Sponsored research funding has increased significantly in recent years. It falls short, however, of the level necessary to reach the Federal Government's target for 1985. One of the major concerns of Ontario universities is the funding of overhead costs for these increased research activities. With the constraints on other areas of revenue, it is difficult for the institutions to absorb these costs and to continue to increase their research efforts (Section D).

September, 1984

Ontario Council on University Affairs



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A FINANCIAL ANALYSIS OF THE ONTARIO

UNIVERSITY SYSTEM - 1984

September, 1984

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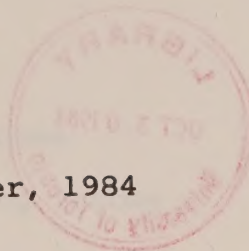




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INTRODUCTION

Since its establishment, the Ontario Council on University Affairs has advised Government annually on the level of funding required to maintain Ontario's universities. Each year since 1977-78, Government operating grants have fallen short of Council's funding recommendations. Beginning in 1979, Council has published annually financial papers which examine Government's funding policies and analyze their impact on the university system.¹ In this paper, Council updates and expands its analysis to provide a broader picture of university finances since 1977-78.

In this paper, Council analyzes the financial circumstances of Ontario universities by examining:

- (i) the level of, and the real increases and decreases in, resources available and deployed within the universities;
- (ii) the degree of flexibility associated with various sources of revenue and the division of the universities' activities and financial reporting;
- (iii) any shifts in sources of revenue and in expenditures in both current and constant dollars; and

1. OCUA, System on the Brink: A Financial Analysis of the Ontario University System - 1979, September, 1979.

OCUA, A Financial Analysis of the Ontario University System - 1980, September, 1980.

OCUA, A Financial Analysis of the Ontario University System - 1981, December, 1981.

OCUA, A Financial Analysis of the Ontario University System - 1982, December, 1982.

- (iv) the cause of any shifts in resources and priorities.²

In addition to analyzing the financial circumstances of Ontario universities, this paper also tries to examine the effect of these circumstances by assessing their impact on the quality of the university enterprise. In its Spring 1983 hearings, Council discussed with representatives of the universities the impact of underfunding on the quality of university scholarship, research and education. Most institutions indicated that the quality of scholarship and research was extremely high. However, most institutions found it difficult to assess the impact of financial restraint on the quality of university education.

Council recognizes that it is extremely difficult to measure the quality and changes in quality of the "outputs" of the university enterprise, i.e., educated graduates and scholarly basic and applied research. Council believes, however, that there are measures of the "inputs" which go into producing educated graduates and scholarly research, such as student/faculty ratios, that are commonly used as indicators of quality which may shed some light on the overall quality of the university enterprise. Council realizes that while the use of these indicators is widespread, it is impossible to make conclusive statements about the overall quality of the "outputs" of universities based on such indicators. Council, therefore, restricts itself to assessing changes in the quality of the "inputs" during the period since 1977-78 and makes no direct assessment of the level of quality of the "outputs" beyond providing inferential evidence of a change.

2. The Ontario university system generally refers to the provincially-assisted universities and their affiliated colleges, Ryerson Polytechnical Institute, the Ontario Institute for Studies in Education (OISE), and the Ontario College of Art (OCA). However, for most of the financial data provided in this report, consistent information throughout the period examined was available only for the universities, Ryerson, OISE, OCA, Nipissing, Algoma and Hearst. It was not available for the remaining affiliated and federated colleges.

A. TOTAL UNIVERSITY REVENUE AND EXPENDITURES

In order to present and assess several years of information, Council limits itself to an examination of system-wide or global financial circumstances and trends. Council recognizes that the circumstances of individual institutions are varied and may differ radically one from another. Indeed, in recent years for example, the financial circumstances experienced by Ontario universities varied from marginal increases in revenue and expenditures for institutions with stable or declining enrolment to substantial increases in revenue and expenditures for institutions with rapidly increasing enrolment levels. Similarly, the accumulated deficit or surplus position of Ontario universities varies widely from institution to institution. However, in this paper Council focuses on what has happened, in general, to the revenues, expenditures and activities of all Ontario universities and as a result the analysis may not reflect the particular experience of individual institutions.

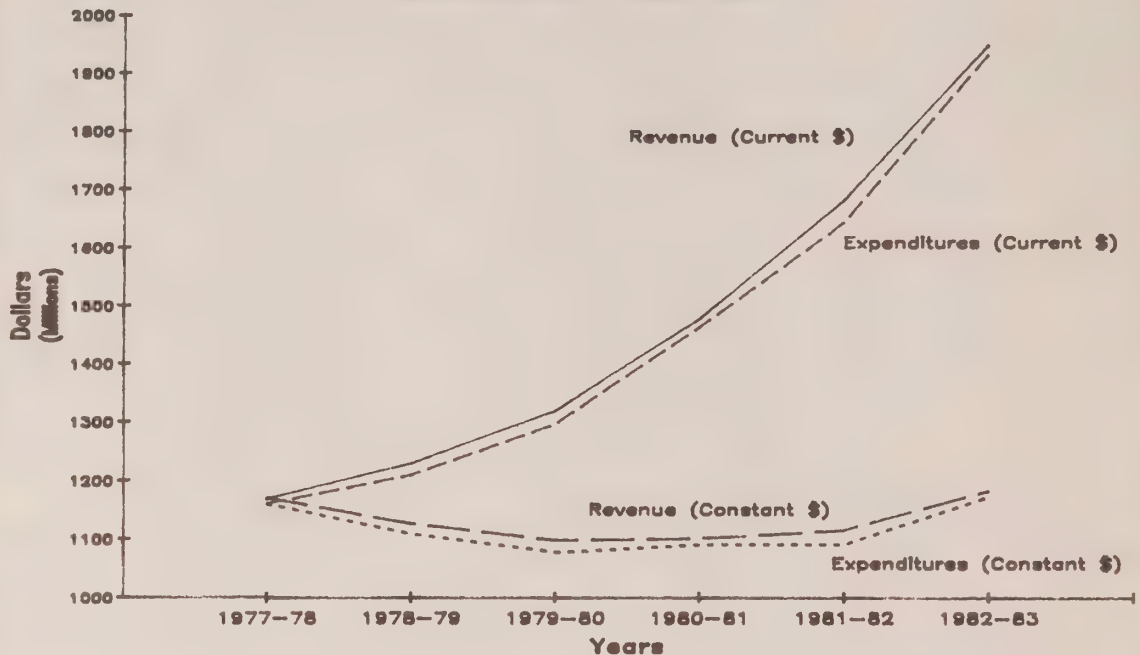
A.1 LEVEL OF TOTAL REVENUES AND EXPENDITURES

Figure 1 illustrates in both current dollars and constant 1977-78 dollars the total revenues and expenditures for Ontario universities for the period 1977-78 to 1982-83.³ During this period, total annual university revenue increased by 66.2% (from \$1,169.5 million in 1977-78 to \$1,943.3 million in 1982-83), while total annual university expenditures increased by 66.0% (from \$1,160.4 million in 1977-78 to \$1,926.8 million in 1982-83). As Figure 1 indicates, since 1977-78, in all but the most recent year for which

-
3. Because 1977-78 was the last year Government accepted Council's advice on the level of operating grants, wherever possible in this paper Council uses 1977-78 as the base year for the revenue and expenditure measures examined.

Where appropriate, the price deflators used to deflate revenue and expenditures in real terms throughout this paper are composite indexes of the Consumer Price Index (CPI) and all or portions of the Ontario Universities' Non-Salary Price Index (OUNSPI) in proportion to the share of expenditures on salary-related expenditures and non-salary expenditures.

FIGURE 1
Total Ontario University System Revenue and Expenditures
In Current and Constant 1977-78 Dollars:
1977-78 to 1982-83



Source: Tables 1 and 2 of Appendix.

data are available (1982-83), Ontario universities received less real income and expended less in real terms than in 1977-78. During the period 1978-79 to 1982-83, Ontario universities' real income and expenditures averaged 3.9% and 4.6% less, respectively, than their 1977-78 income and expenditures. In 1982-83, however, the university system received 1.1% more real revenue and spent 1.0% more in real expenditures than in 1977-78. However, cumulatively, the universities have absorbed a \$255 million reduction in real income (1977-78 dollars) and a \$267 million reduction in real expenditures over the period 1977-78 to 1982-83.

Figure 1 also indicates that the university system showed overall current-year surpluses throughout this period, ranging from 0.8% of total revenue in 1977-78 to 2.3% of total revenue in 1981-82. These amounts may be misleading, however, since current-year total revenue and total expenditure data do not take into account restrictions on the use of universities' financial resources nor do they identify either funds appropriated for future expenditures

or accumulated reserves or deficits. In addition to these problems with current-year surplus/deficit information, the data are aggregated for the entire university system and do not reveal individual institutions' financial circumstances.

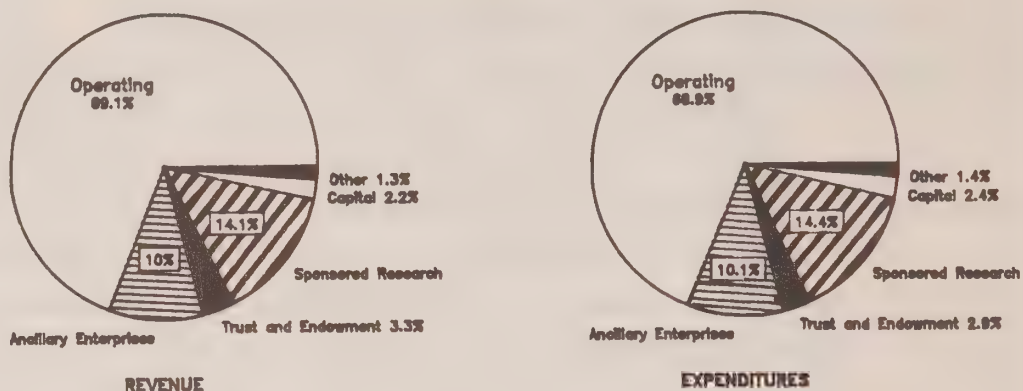
A.2 DIVISION OF TOTAL REVENUE AND EXPENDITURES

As mentioned, many of the financial resources available to Ontario universities have limitations or restrictions on their use. These resources must be used in accordance with: Government regulations; activities or objectives specified by private donors; restrictions or limitations imposed by other sources outside the institution; and/or directives issued by governing bodies of the institutions. To ensure that these limitations and restrictions are observed, the institutions, for accounting and reporting purposes, classify and segregate, under several funds, the various university activities and resources available for these activities.

The Committee of Finance Officers - Universities of Ontario (COFO-UO) identifies three "general funds" and three "restricted funds" under which all university activities and revenues and expenditures can be classified. The "general funds" - operating, other (non-credit) and ancillary enterprises - include the revenues and expenses associated with the universities' primary function of instruction and research, non-credit instruction, and supplementary services in support of these activities. The "restricted funds" - sponsored research, trust and endowment, and capital - include the revenues and expenses associated with research activities and projects supported by external grants, expendable gifts, benefactions and grants available for special purposes, and capital projects.⁴

4. See Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, 1982-83, Volume 1 - Universities, pp. 1-15, for an explanation of university accounting procedures and definitions of various funds.

FIGURE 2
Proportion of Ontario University Revenue and Expenditures
by Fund: 1982-83

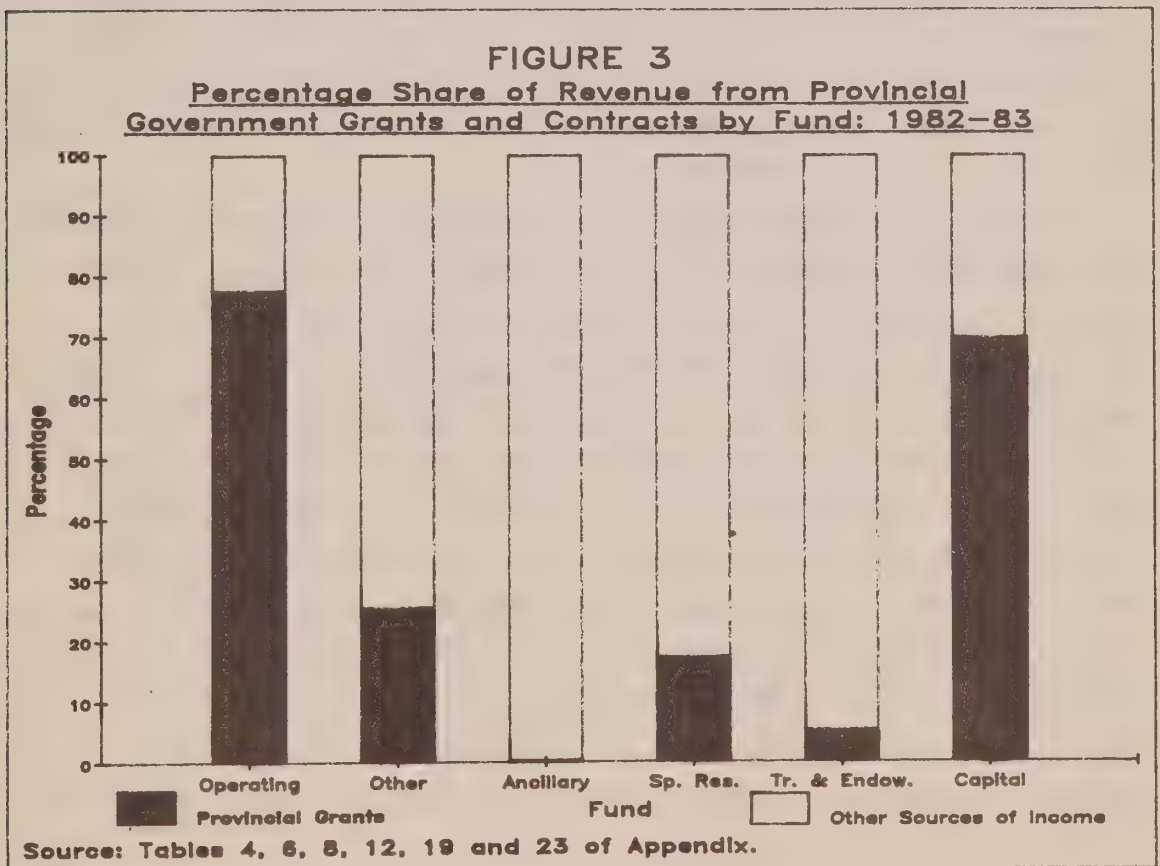


Source: Tables 1 and 2 of Appendix.

The proportion of Ontario universities' total revenue and expenditures accounted for by each fund or area of activity in 1982-83 is displayed in Figure 2. It is clear from this figure that the majority of university resources is directed towards the operating fund. While being integral areas of university activity, the resources available and expended in each of the other funds of Ontario universities - sponsored research, ancillary enterprises, trust and endowment, capital and other (non-credit) - are of much less financial significance than the operating fund.

The share of total income from provincial sources has dropped from 63.5% in 1977-78 to 58.0% in 1982-83. Table 1 of the Appendix illustrates the shifts in the share of total resources available to each fund in recent years, outlining the total revenues by fund over the period 1977-78 to 1982-83. In general since 1977-78, those areas of university activities whose revenues are less dependent

on Provincial Government support for income have increased more rapidly than those areas more dependent on Provincial Government support. Figure 3 illustrates the degree to which each fund was supported by Provincial Government grants and contracts in 1982-83. In real terms, during the period 1978-79 to 1982-83, annual income for the areas of university activity which are less dependent on the Provincial Government for revenue activities averaged higher than the respective 1977-78 income figures: 17.0% for sponsored research, 15.2% for trust and endowment supported functions, 2.2% for ancillary enterprises and 21.0% for non-credit instruction. Each of these funds' share of total university system revenue increased during this period. On (figure 3)



the other hand, the share of total revenue for two funds which depend heavily on Provincial Government support, the operating fund and the capital fund, declined from 1977-78 to 1982-83. During this period, real operating income averaged 6.9% less than in 1977-78 and real capital income averaged 38.8% less than in 1977-78. It should be noted that, in the case of the capital fund, non-government capital income declined by a greater degree than Government capital grants.

Changes in university system expenditures in the various funds closely followed the changes in revenue available. As indicated in Table 2 of the Appendix, during the period 1977-78 to 1982-83, the only funds to experience a decline in share of total university expenditures were the operating fund and the capital fund. During the period 1978-79 to 1982-83, operating expenditures averaged in real terms 6.9% less than in 1977-78 and real capital expenditures averaged 41.2% less than in 1977-78. During this period, the remaining funds' real expenditures averaged higher than in 1977-78: 25.1% for Other (non-credit), 2.1% for ancillary enterprises, 15.6% for sponsored research, and 9.6% for trust and endowment.

Table 3 of the Appendix displays the aggregate 1982-83 year-end fund balances for the Ontario university system. Ontario universities had an accumulated deficit of \$3.2 million in unappropriated operating funds. However, many institutions had sizable end-of-year balances in their restricted funds or as appropriated operating reserves. In particular, there were \$144.3 million in unappropriated reserves in the universities' trust and endowment funds, \$86.7 million in unappropriated reserves in sponsored research funds and \$23.1 million in unappropriated reserves in capital funds. These funds are, however, designated as restricted and cannot, for the most part, be used for general operating expenditures to offset an operating fund

deficit. For example, much of the reserves found in the trust and endowment funds of Ontario universities are from donations solicited in institutional fund-raising drives which are designated for expenditures for specific purposes. As such, these funds should not be looked upon as another source of revenue which can augment the universities' traditional sources of general operating revenue. Council feels strongly that the widespread use of such donations to increase general operating revenue could very well jeopardize future fund-raising drives if donors felt their donations were merely replacing inadequate Government funding. In any case, upon closer examination of information concerning individual institutional fund balances, it also appears that those institutions with relatively large operating fund deficits do not have large reserves available in other funds which could be used to offset these deficits.

In this paper Council concentrates, for the most part, on three funds: the operating fund, the capital fund, and the sponsored research fund. Each of these funds relies heavily on Provincial or Federal Government support to fund its activities.

Before examining these funds in detail, Council notes that each of the other funds - the other (non-credit) fund, ancillary enterprises fund, and the trust and endowment fund - relies more heavily on non-governmental sources of revenue as can be seen in Tables 4, 6 and 8, and is less central to the primary function of universities, that of providing credit instruction and research.

The other (non-credit) fund refers to revenues and expenses associated with providing non-credit instruction. The ancillary enterprises fund covers services provided by universities which are supplementary to the primary function of credit instruction and research. The trust and endowment fund accounts for expendable gifts, benefactions and grants

available for special purpose as stipulated by donors. As Tables 4, 8, 12, 19 and 23 indicate, in 1982-83, about \$23.7 million was transferred from this fund to the operating fund, other (non-credit) fund, sponsored research fund and the capital fund.

B. THE OPERATING FUND

The operating fund of universities accounts for the costs associated with performing the majority of university activities: credit instruction; non-sponsored research; academic support services (library, computing and student services); administration; and plant maintenance. In 1982-83 about 69% of total university system revenues and expenditures were accounted for by the operating fund. As Table 1 of the Appendix shows, this proportion is down from the approximately 74% share of total revenues and expenditures accounted for by the operating fund in 1977-78. Despite this decline in share of revenue and expenditure, it appears the overall level of activity accounted for by this fund has not diminished, and, as illustrated below, in some areas, such as instruction, it has increased.

B.1 OPERATING REVENUE

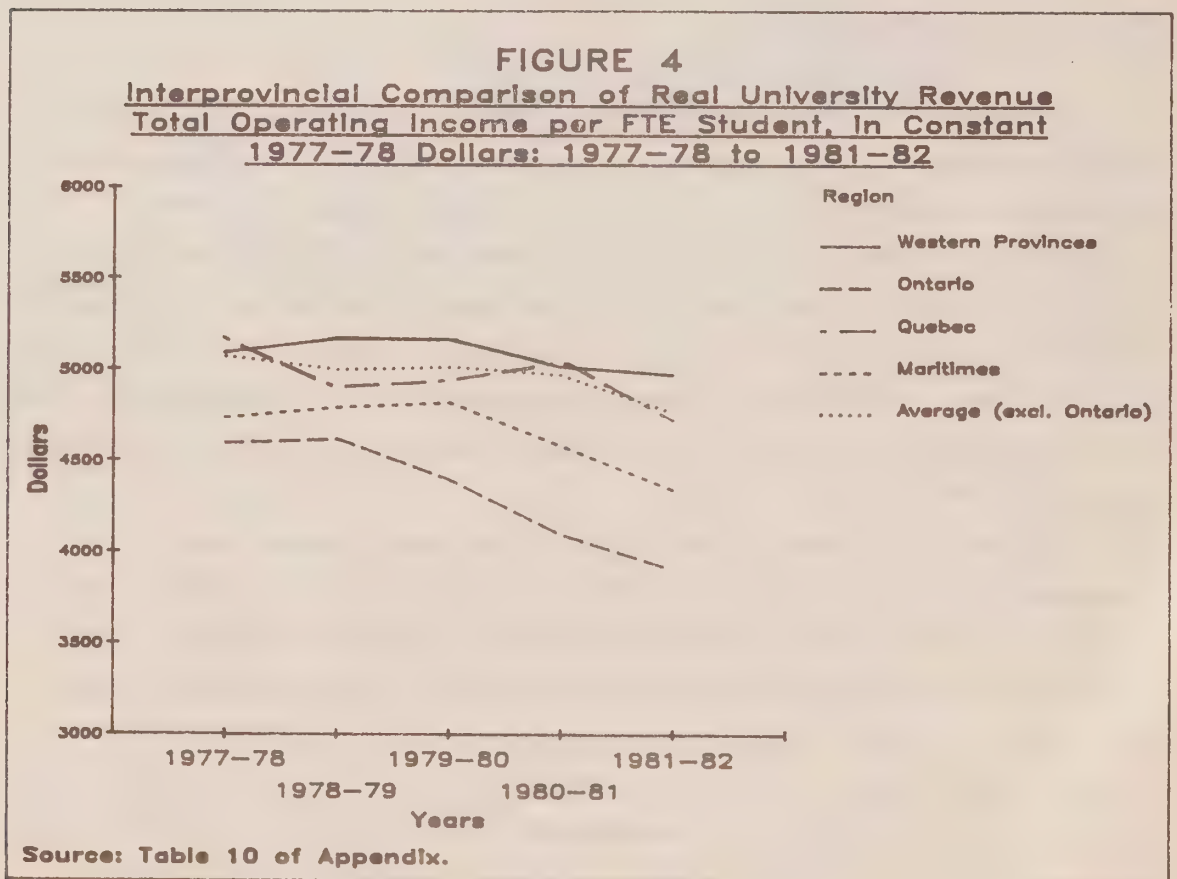
(a) Level of Operating Revenue

Since 1977-78, operating income increased by 56.3% in current dollars and averaged in real terms 6.9% less than the amount received in 1977-78. Real income improved slightly in 1982-83, but still remained 4.8% below the 1977-78 level. However, if transfers from other university funds are excluded from the operating income total, and only the income from normal operating sources is considered, then real operating income from these sources averaged 7.2% below the 1977-78 level.

Council places this decline in real resources in perspective by comparing Ontario universities' operating revenue with that of universities in other provinces and with that of elementary and secondary schools within the province. These comparisons are made on a per student basis, enabling Council to compare the level or changes in the level of financial resources available to jurisdictions of differing size and also to place in perspective the

financial resources available to Ontario universities to support the "inputs" necessary to educate their students.

Council has noted, on a number of occasions, that Ontario universities have faced more severe constraints on operating revenue than universities in most other provinces. Table 10 of the Appendix presents the total operating income per full-time equivalent (FTE) student for each province for the years for which data are available, 1977-78 to 1981-82. In 1979-80, Ontario dropped from sixth to ninth position among all provinces in operating income per student and continued to hold that position while the gap between



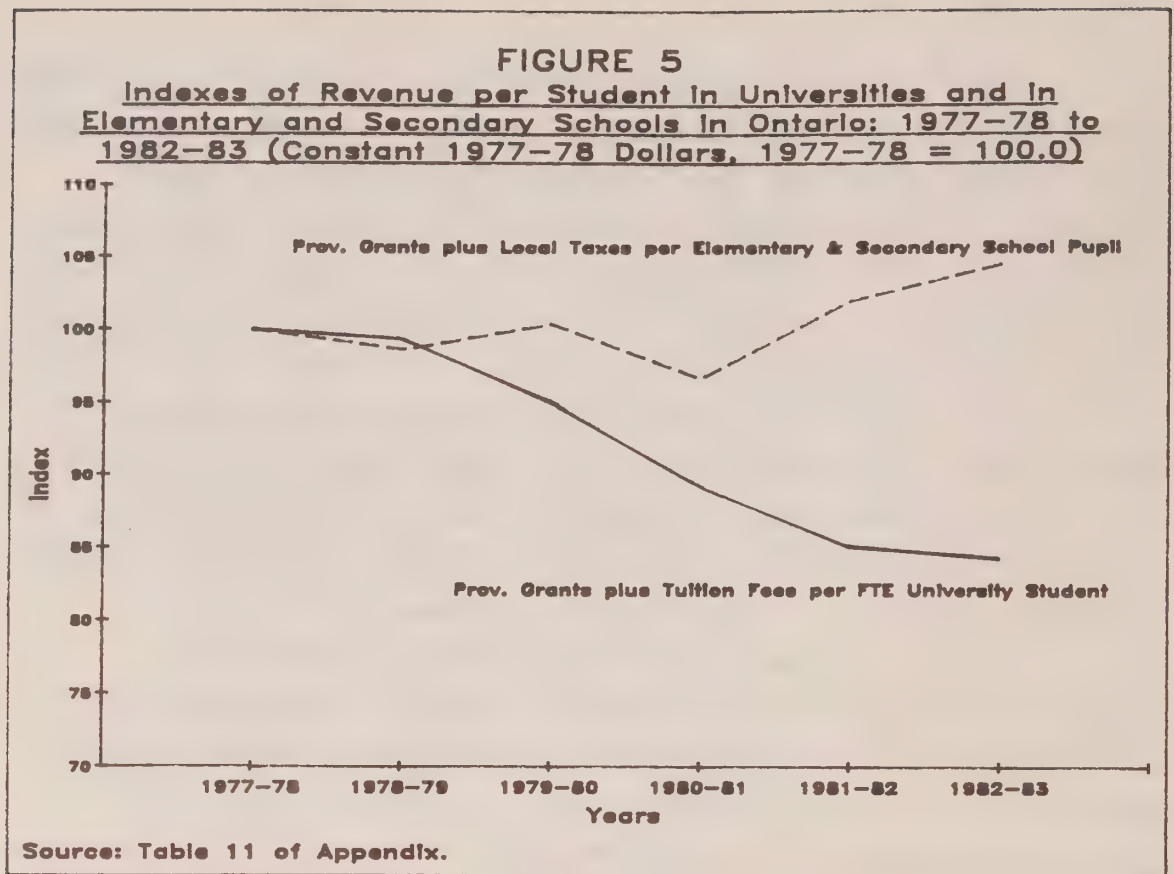
Ontario and the other provinces widened. During the period shown, Ontario's real operating income per student averaged 12.9% below the level of the other provinces in Canada. Figure 4 indicates that, throughout the period, Ontario universities have lagged behind those of Quebec, the Western provinces and the Atlantic provinces in the level of annual real operating income per student.

Council has also illustrated in previous financial papers that the severe financial constraints on operating activities experienced by Ontario universities contrast sharply with operating revenue increases for elementary and secondary schools. This trend continued in 1982-83.

Table 11 of the Appendix and Figure 5 present comparable indexes of university operating revenues and elementary and secondary school operating revenues for the period 1977-78 to 1982-83. The university index uses provincial grants plus tuition fees as a proxy for operating revenue (these two sources of income account for over 96% of Ontario universities' operating income). It measures, in constant 1977-78 dollars, the operating revenue per FTE student received by Ontario universities over this period. Provincial grants plus local tax revenues are used as a proxy for total operating revenue for the index of elementary and secondary school operating revenues. This index measures, in real terms, provincial grant plus local tax revenue per pupil received by Ontario elementary and secondary schools over the same period.

These indexes show that school revenue per pupil rose 4.5% in real terms between 1977-78 and 1982-83.⁵ At the

5. Whenever elementary and secondary school comparisons are made in this paper, Provincial grants include the provincial contribution on behalf of teachers to the Superannuation Fund and Superannuation Adjustment Benefits.

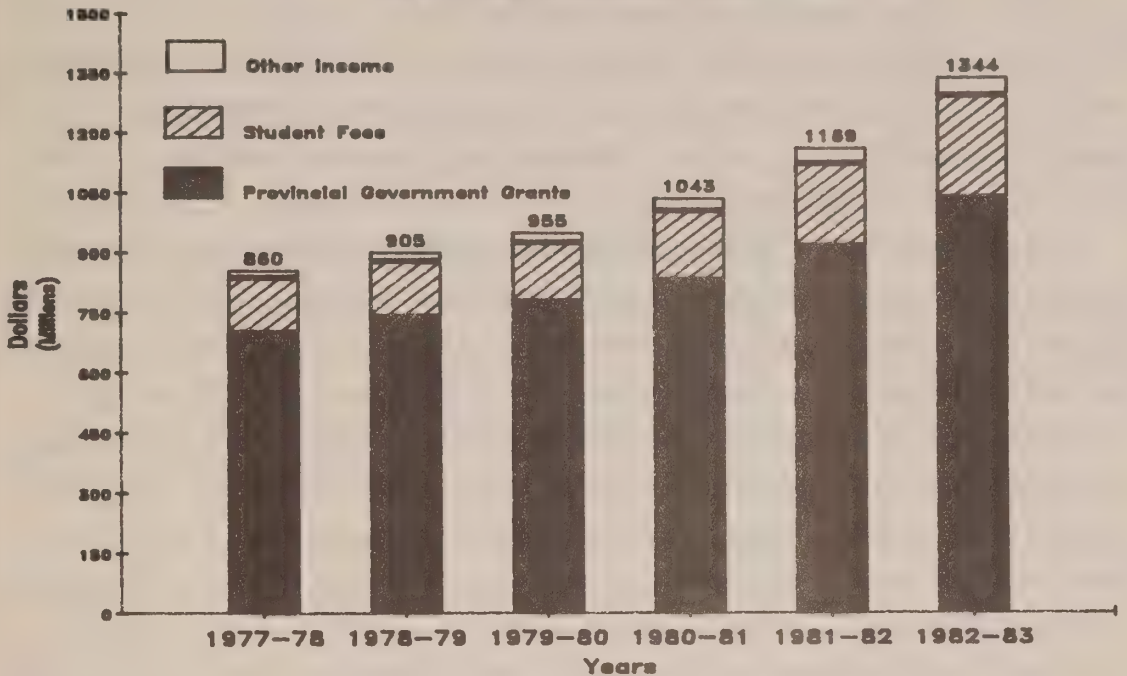


same time, university revenues per student declined by 15.8%. In the most recent year for which data are available (1982-83), university revenues per FTE student declined in real terms by 0.9%, while elementary and secondary school revenues per pupil increased by 2.5%.

B.1 (b) Sources of Operating Revenue

A breakdown of the sources of revenue that comprise operating income, and their values for the years 1977-78 to 1982-83, are presented in Figure 6 and Table 12 of the Appendix. As can be seen from Figure 6, throughout this period the majority of operating income for Ontario universities came from Provincial Government operating grants. However, this Figure also displays a noticeable increase in the share of operating income from student fees and from other sources of operating income. Most of the increase in other income came from investment income and transfers from other funds within the universities - notably from trust and endowment funds.

FIGURE 6
Operating Revenue by Major Source:
1977-78 to 1982-83



Source: Table 12 of Appendix.

While all Provincial Governments have declared policies of fiscal restraint, in comparison with other Canadian jurisdictions, Ontario universities receive the smallest proportion of their operating resources from Provincial Government grants. Ontario universities receive a larger share of their operating revenue from student fees than institutions in other provinces. However, as indicated by Figure 4 above, the higher level of fee income received by Ontario universities is not sufficient to raise operating income per student to the level found at most institutions across Canada.

Provincial Government policies directly limit or restrict the use of about 90% of total university system operating revenue to the broad category of "eligible university operating expenditures". Under the conditions set out in The Ontario Operating Formula Manual, formula grants and formula fees must be used for:

...any eligible university operating expenditures,
i.e., all operating expenditures except those -

- a) in connection with assisted/sponsored research,
- b) for principal and interest payments on capital indebtedness,
- c) for student aid,
- d) for ancillary enterprises,
- e) for capital projects.⁶

However, because of the broad scope of activities permitted under "eligible university operating expenditures", the institutions retain a fair degree of flexibility in allocating these resources.

The remaining Provincial Government operating grants are generally allocated for specific purposes. However, the degree of flexibility allowed in using these grants varies significantly, with some grants not having specifically defined limitations on their use (for example, Northern Grants), while others are restricted to specific expenditures (for example, municipal tax grants). Non-formula tuition fees have no Government restrictions or limitations placed on their use.

The other external sources of operating income such as the Federal Government, municipal governments, private donors and foundations may impose restrictions or limitations on the use of funds allocated to Ontario universities. However, given the information available, it is not possible to determine the extent to which the use of these funds is restricted. Similarly, it is difficult to determine if these funds or internal sources of operating income, such as investment income or interfund transfers, have limitations placed on their use by the governing bodies of the institutions.

B.1 (c) Operating Grants

While the share of total operating income represented by Provincial Government operating grants has declined in recent years, it remains the universities' primary source of operating income. In 1982-83, Government operating grants from the Ministry of Colleges and Universities (MCU) accounted for 76.5% of total operating income, down from 81.4% in 1977-78. Since 1977-78, the universities have received annual increases in operating grants of 5.8%, 5.1%,

6. Ministry of Colleges and Universities, The Ontario Operating Formula Manual, November, 1983, p. 2.

7.2%, 10.1%, 12.2% and 8.6% (1978-79 to 1983-84).⁷ Over the entire period, university operating grants increased by 59.9%. In comparison, Government budgetary expenditures (excluding debt servicing) increased annually by 6.7%, 9.9%, 12.5%, 18.4%, 12.1% and 7.7% for the same six years (1978-79 to 1983-84) resulting in an increase for this period of 88.5%. Thus, the universities' share of Government budgetary expenditures has declined since 1977-78. If the universities' share of total Government budgetary expenditure (excluding debt servicing) had been maintained at the 1977-78 level, the universities would have received an additional \$700 million over the last six years.

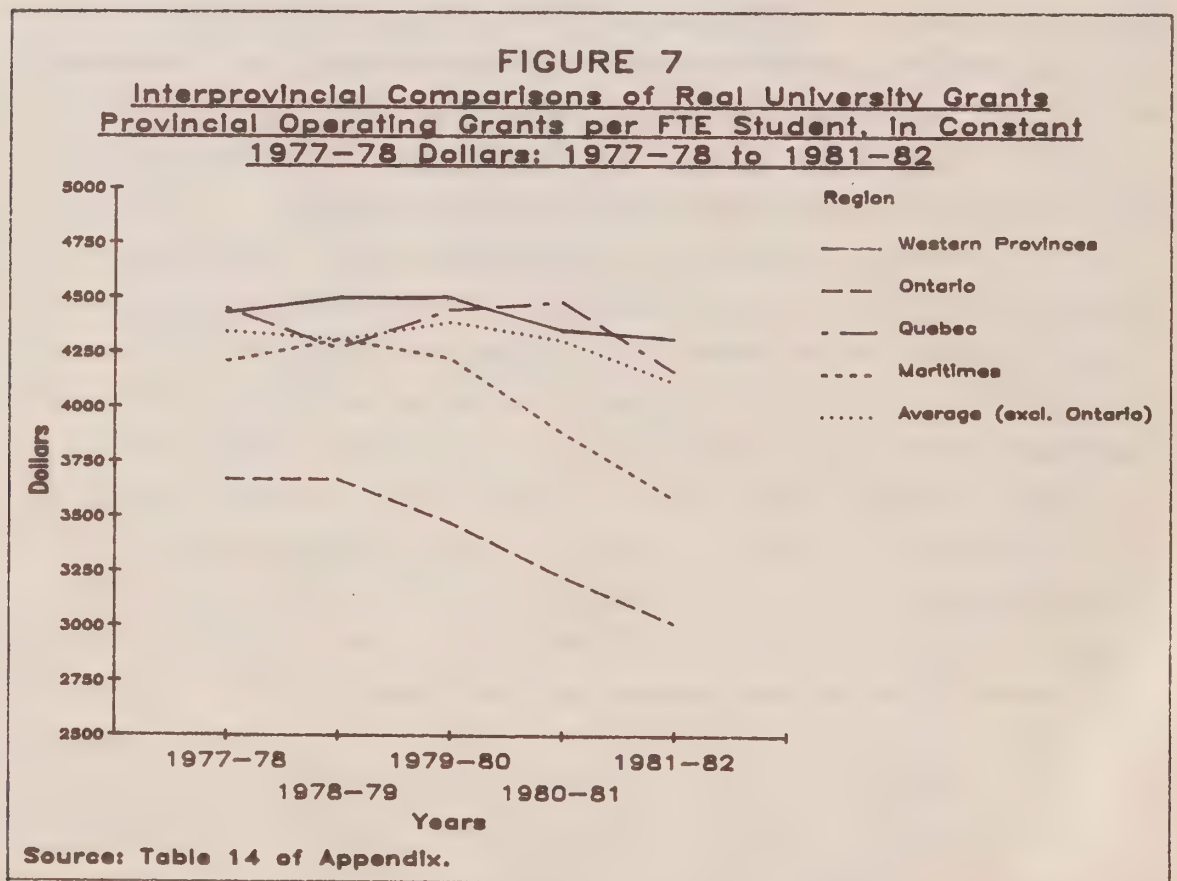
Table 13 of the Appendix provides a breakdown of the types of operating grants received by Ontario universities during the years 1977-78 to 1982-83 from the Ministry of Colleges and Universities. On average, each year about 98% of Ontario university grants are allocated according to an enrolment-related formula (formula grants). The remaining extra-formula or non-formula line-item grants are allocated to the institutions for particular purposes (the levels of which are determined by a variety of means). Since 1977-78, total MCU operating grants have averaged 8.9% below their 1977-78 level in constant 1977-78 dollars.

As noted previously, in comparison with universities in other provinces, Ontario universities have fared poorly in terms of Government operating support. Table 14 of the Appendix shows the provincial operating grants per FTE university student for each province in Canada, and also the weighted average grant per FTE university student for the nine provinces excluding Ontario, for the period 1977-78 to 1981-82. This indicator measures the level of government support made available to universities, taking into account the number of students supported by these funds.⁸ Over the

7. The 1983-84 increase of 8.6% includes \$12 million (1.1%) as a special one-time grant towards institutional expenditures on equipment for use in teaching undergraduates and on library equipment and acquisitions.

8. Operating grants include: (i) funds provided for the operation of institutions within the province, (ii) funds provided to other provincial governments to support the training of students originating in the province but enrolled in special programs in institutions located outside the province.

period indicated, Ontario declined in rank from eighth to tenth position. Since 1977-78 (1978-79 to 1981-82), Ontario universities' real operating grants per student averaged 8.8% below the 1977-78 level while real operating grants per student in the other provinces in Canada averaged, in 1977-78, 18.5% above the 1977-78 Ontario level and in subsequent years averaged 20.6% above the 1977-78 Ontario level. Ontario's position, relative to other regions in Canada (the Western provinces, Quebec and the Atlantic provinces) and to the weighted average of the other nine provinces, is illustrated graphically in Figure 7.

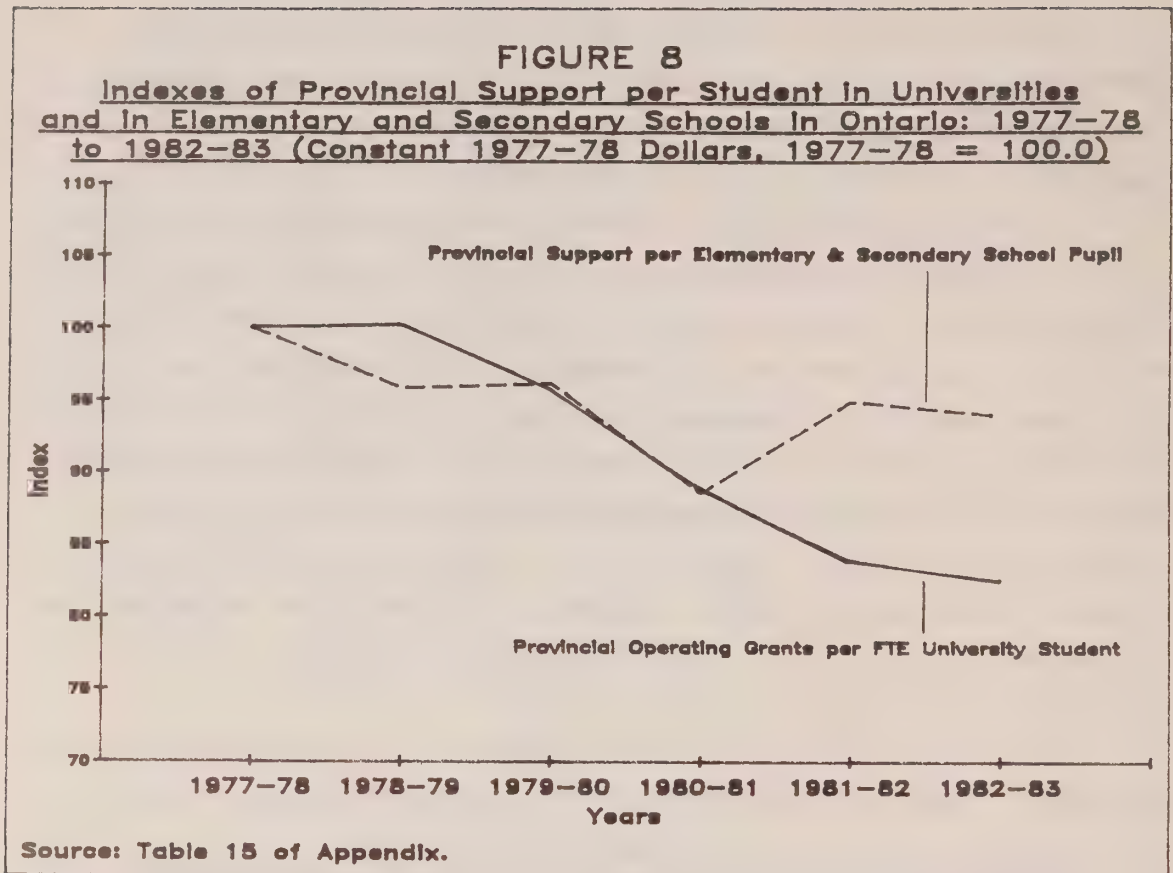


Information provided by the Council of Ontario Universities (COU) suggests that in terms of operating grants per student, the position of Ontario universities vis-a-vis universities in other provinces improved marginally in 1982-83 and 1983-84.⁹

In recent years, all sectors of education in Ontario have received a substantially reduced share of total Government budgetary expenditures. From 1977-78 to 1982-83, the share of total Government budgetary expenditures for elementary and secondary schools declined by 16.6%, the share for universities declined by 15.9% and the share for Colleges of Applied Arts and Technology (CAATs) declined by 12.4%. During that period, enrolment in elementary and secondary schools declined by 8.4%, whereas enrolment in universities increased by 10.7% and full-time post-secondary CAAT enrolment increased by over 46.6%.

Table 15 of the Appendix presents, in constant 1977-78 dollars, indexes of provincial grants per student for universities and for elementary and secondary schools, for the period 1977-78 to 1982-83.¹⁰ Figure 8 displays the same information in graphic form. During this period, university operating grants per FTE student declined in real terms by 17.5%. Provincial support per elementary and secondary

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9. Council of Ontario Universities, Brief to the Ontario Council on University Affairs on Operating Grant Requirements for 1985-86, Table 4, p. 17.
 10. Council has noted in the past the desirability of the inclusion of comparable indexes of provincial support revenue per FTE student for the other major education sector in the province - the CAATs. For the years prior to 1981-82 it is not possible to compile what Council considers to be the most appropriate comparative data - operating grants allocated to post-secondary programs per FTE post-secondary student in the CAATs. The move to formula financing for the CAATs in 1981-82, however, has enabled Council to calculate, in a rough manner, post-secondary operating grants per student for the years 1981-82 and 1982-83.



school pupil also decreased in real terms by 6.0%.

In 1982-83 post-secondary operating grants per post-secondary student in the CAATs declined in real terms by 5.8%. In comparison, provincial support per student for the universities declined in real terms by 1.7%, while provincial support per pupil for elementary and secondary schools decreased by 1.1%.

B.1 (d) Fee Revenue

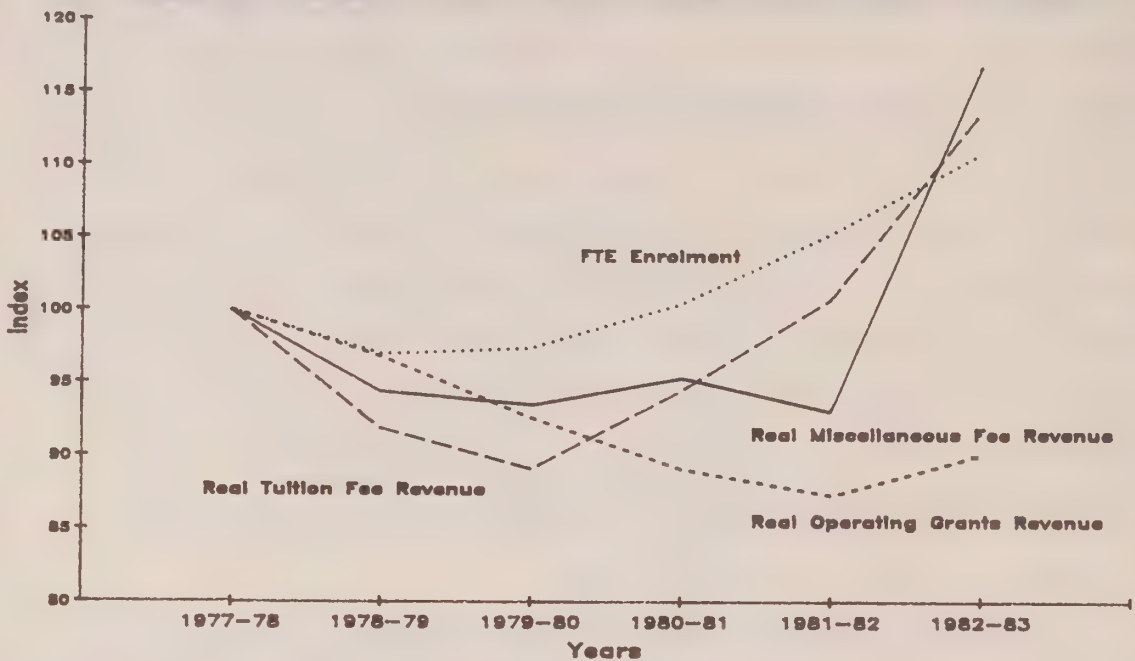
As mentioned above, student fee revenue supporting operating fund activities has increased substantially in recent years. Table 12 and Figure 6 indicate that the share of total operating income from student fees increased from 16.0% in 1977-78 to 19.1% in 1982-83. Tuition fees accounted for 94.2% of total fee revenue in 1977-78. This decreased slightly to 94.1% in 1982-83. Since 1977-78, tuition fee

revenue increased by 3.4%, 6.6%, 18.0%, 19.7% and 24.3% (1978-79 to 1982-83). This compares with formula tuition fee rate increases during these years of 0.0%, 5.0%, 7.5% (plus an additional 10% discretionary fee increase), 10% and 12%. The large increases in tuition revenue in the last three years have resulted from: (i) significant increases in enrolment since 1978-79 (during the period 1977-78 to 1982-83, FTE enrolment increased by 10.7%); (ii) a change in Government tuition fee policy to tie annual formula tuition fee rate increases to the annual percentage increase in operating grants, and which allows institutions to charge tuition fees up to 110% of the formula fee; and (iii) increased foreign student fee rates and numbers. By 1982-83, virtually all institutions were charging the maximum allowable tuition fees.

Income from other student fees related to operating fund activities (miscellaneous fees) increased by 91.4% during the period 1977-78 to 1982-83 but only accounted for 5.9% of total student fee revenue. This increase compares with an 86.6% increase in revenue from tuition fees and a 47.9% increase in operating grant revenue as cited above. Again, a portion of the increases in miscellaneous fee income is due to the increase in enrolment during this period. Figure 9 provides indexes comparing increases in tuition fee revenue, miscellaneous fee revenue, operating grants and FTE enrolment.

FIGURE 9

Indexes of Real Tuition Fee Revenue, Real Miscellaneous Fee Revenue, Real Operating Grants and FTE Enrolment: 1977-78 to 1982-83 (Constant 1977-78 Dollars, 1977-78 = 100.0)



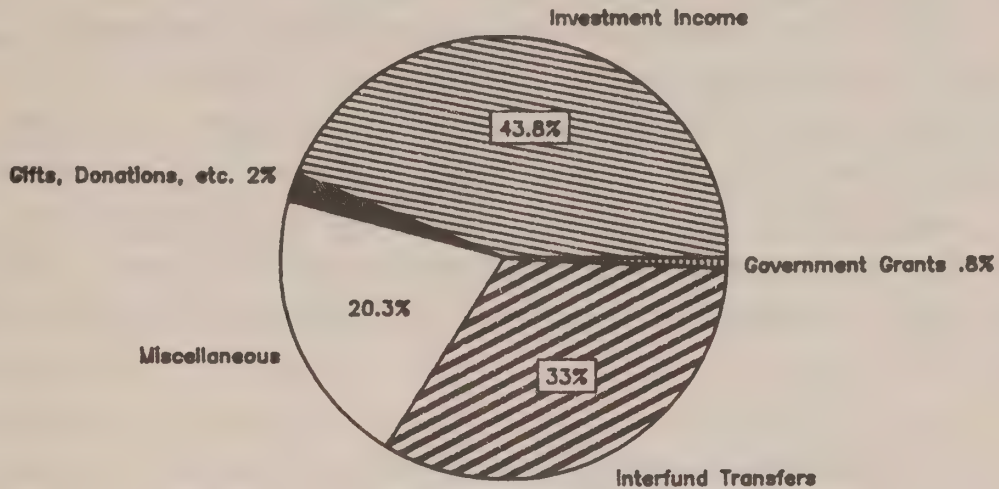
Source: Tables 12 and 13; MCU, University Audit Reports.

B.1 (e) Other Operating Income

Section 3 of Table 12 of the Appendix outlines the operating income from sources other than Provincial Government grants and student fees. Income from these sources accounted for only about 3.5% of total operating income in 1982-83. This "other income" - from federal, municipal and other non-provincial government grants; gifts, donations and non-government grants; investment income; miscellaneous income; and interfund transfers - increased dramatically, by over 143%, since 1977-78.

As Figure 10 indicates, the largest source of other operating income in recent years has been investment income. During 1981-82 and 1982-83, Ontario universities benefitted from high interest rates and realized substantial increases in investment income. Investment income for the universities increased by 145%, from \$8.4 million in 1977-78 to \$23.6 million in 1981-82, but declined to \$20.4 million in 1982-83.

FIGURE 10
Proportion of Other Operating Income
by Source: 1982-83



Source: Table 12 of Appendix.

The second largest source of other operating income is from interfund transfers. As noted above, most sources of income for Ontario universities have restrictions placed on their use. However, there is flexibility in the use of a limited amount of resources among funds and areas of activity. This flexibility is reflected in interfund transfers. As Table 12 indicates, in each year from 1977-78 to 1982-83, the operating fund of the Ontario university system had a net inflow of financial resources from other university funds. Over this period, there was a 268% increase in interfund transfers into the operating fund, from \$4.2 million in 1977-78 to \$15.4 million in 1982-83. These funds have come predominantly from the trust and endowment fund, with lesser amounts coming from ancillary enterprises, and, in previous years, the sponsored research fund and other (non-credit) fund. It is clear that universities have been transferring funds from areas of activity normally supported by non-Governmental sources to expend in the predominantly Government supported operating fund.

Total revenue from the remaining sources of "other operating income" (Federal, municipal and other government grants and contracts; gifts, donations and non-government grants; and miscellaneous income) is of relatively minor importance, equalling \$10.8 million in 1982-83.

Even though there has been substantial increase in "other operating income" in recent years, because this represents only 3.5% of total operating income it is not probable that Ontario universities will be able to augment in a substantial manner their Governmentally controlled revenue (operating grants and formula tuition fees) with continued increases in revenue from "other operating income" sources.

B.1 (f) Summary of Operating Income

The fiscal year 1977-78 was the last in which Council believes the Ontario university system received an adequate level of operating income. Since that time real operating income has declined and has remained below the 1977-78 level. The reduction in real operating income has meant that there are fewer financial resources available to be spent on the "inputs" of the university enterprise such as instructors, library holdings, laboratory assistants and equipment. The magnitude of this decline in resources available has been significant when compared with the increased demands placed on universities in recent years. For example, operating income per FTE student declined significantly during the period examined, a phenomenon not shared by universities in most other provincial jurisdictions nor by elementary and secondary schools in Ontario.

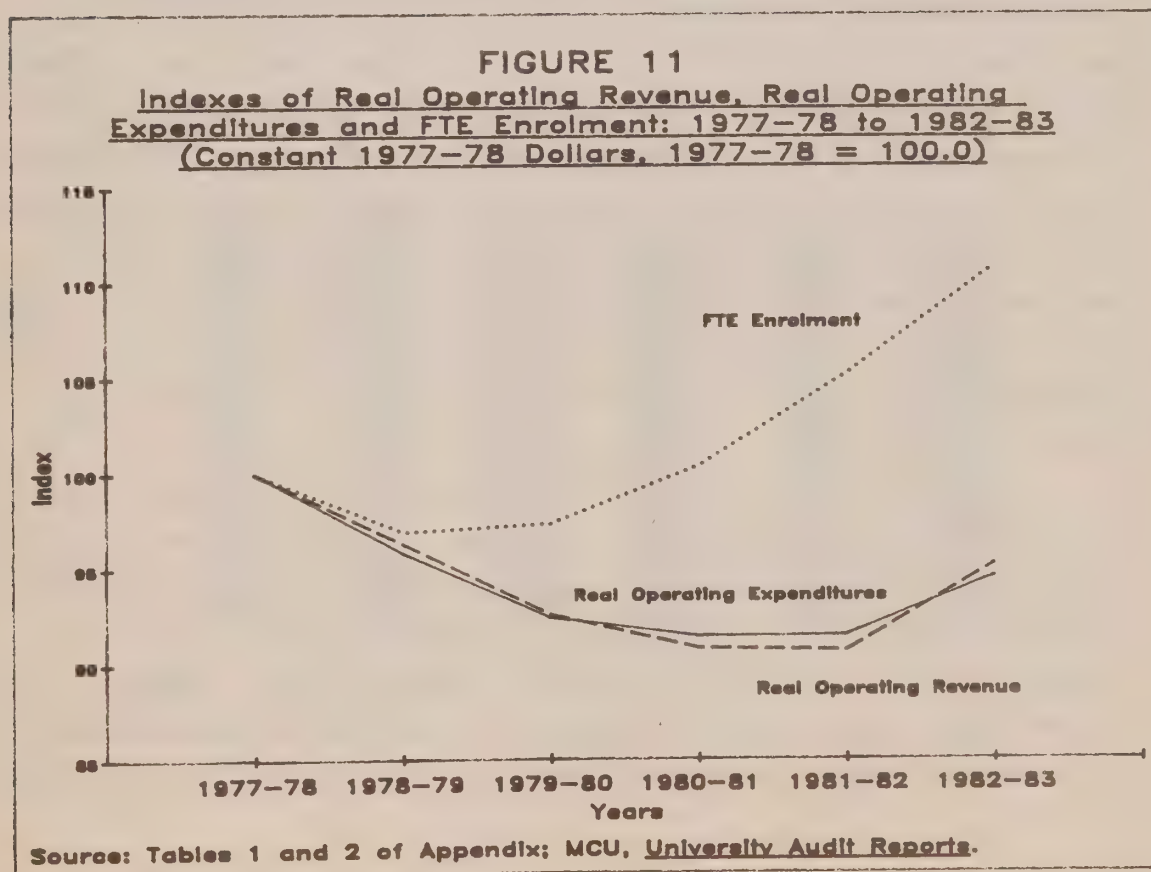
The decline in real financial resources available was mainly the result of constraints on the level of operating grants provided by Government. The decline in real operating grants per FTE student was even greater than that found for real operating income per FTE students and compared more unfavourably with grant levels received by universities in other jurisdictions. Council estimates conservatively, based on its past operating grants recommendations, that, at a minimum, an additional \$115

million dollars in operating income was necessary in 1982-83 to bring the level of service provided by the universities up to the level of service provided by the universities in 1977-78 (an 11% increase).

The following section of the paper examines how the universities have reacted to this shortfall and constrained operating income in general.

B.2 OPERATING EXPENDITURES

As indicated above, since 1977-78, Ontario university system operating expenditures have increased by 55.2% in current dollars and averaged 6.9% less than the amount expended in 1977-78 in constant dollars. Not surprisingly, changes in the real level of operating expenditures during the period 1977-78 to 1982-83 have tended for the most part, to follow changes in operating revenue and not changes in demands placed on universities (such as increased enrolment). Figure 11 illustrates these relationships by presenting indexes of real changes in



operating revenues, operating expenditures and changes in enrolment.

As indicated in Figure 2 and Table 2 of the Appendix, in 1982-83, 68.9% of total university expenditures went towards operating activities such as instruction, non-sponsored research, academic support services, administration and plant maintenance. This proportion has dropped since 1977-78 when it stood at 73.7%.

University operating expenditures can generally be categorized in two ways: (i) by functional areas; and (ii) by objects of expense. Functional areas refer to sectors of university activity such as instruction and research, academic support services, and administration. Objects of expense refer to those items on which funds are expended in order to carry out university activities, such as salaries and wages, benefits, furniture and equipment, and utilities.

B.2 (a) Operating Expenditures by Functional Areas

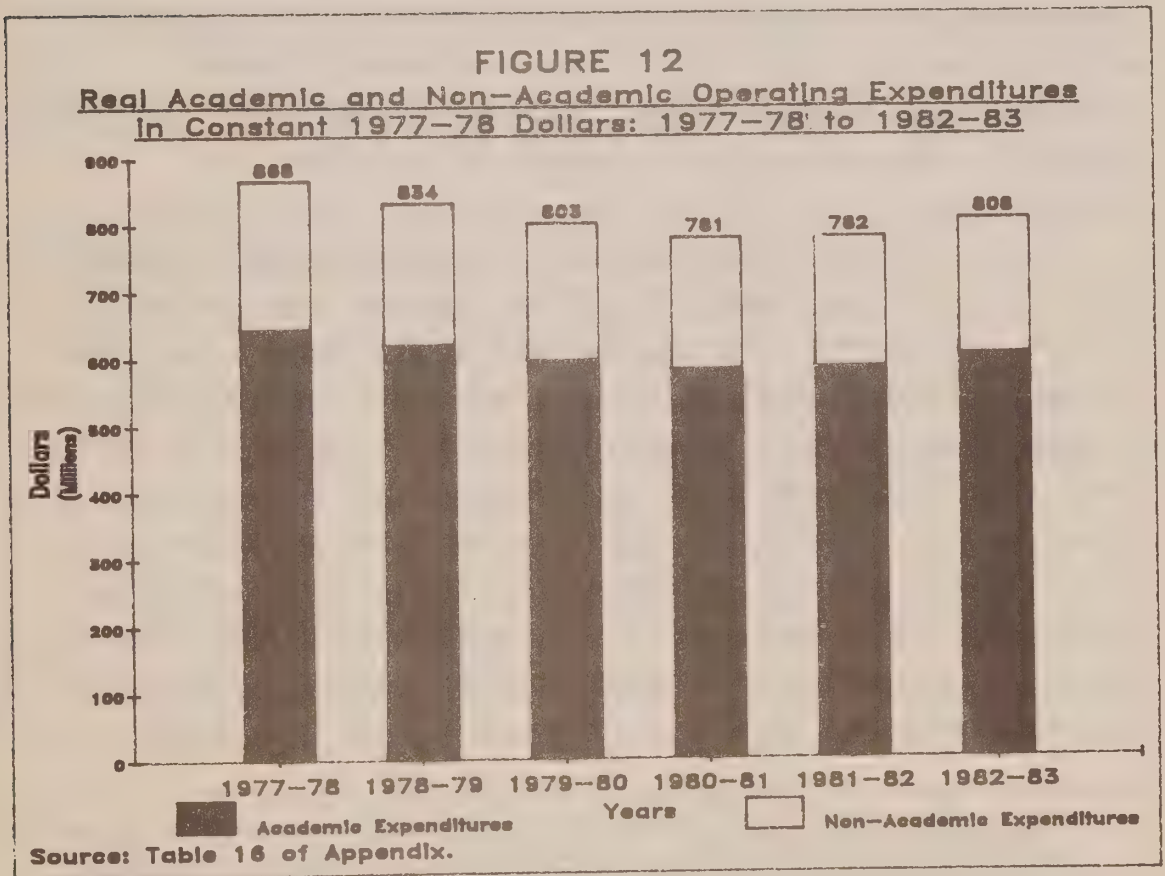
COFO-UO identifies seven functional areas or sectors of activity covered by operating expenditures: instruction and (non-sponsored) research; library; computing; student services; administration; physical plant; and other. These areas can be divided into two main categories - academic and non-academic. The academic functional areas include instruction and (non-sponsored) research, library, and the portion of central computing used for academic computing. The non-academic functional areas of operating fund activities are student services, administration, physical plant, the remainder of central computing used for non-academic purposes, and other.

Table 16 of the Appendix displays for the years 1977-78 to 1982-83 the universities' operating expenditures under the categories academic and non-academic and by functional areas within these categories. As can be seen from this Table, there has been very little shift in the proportion of total operating expenditures going to each of the academic and non-academic functional areas. The shares of operating

expenditures accounted for by instruction and research, library, and administration increased slightly, while the shares for computing and physical plant decreased slightly and student services and other remained unchanged. Figure 12 illustrates total real operating expenditures and the share of these expenditures spent on academic functions and non-academic functions for the years 1977-78 to 1982-83.

i) Academic Expenditures

Academic expenditures refer to those expenditures which directly support the primary function of universities, that of instruction and non-sponsored research and the supporting academic services of library operations and academic computer operations. In 1982-83, as illustrated in Table 16 of



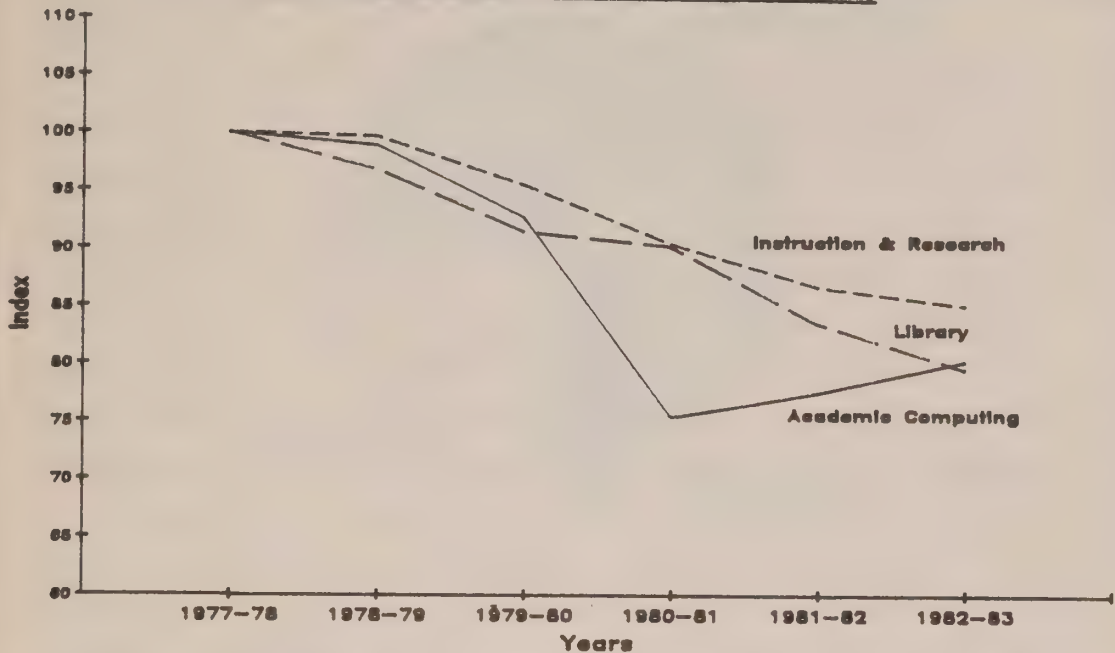
the Appendix, operating expenditures on academic instruction and research accounted for 74.2% of total operating expenditures. This proportion was up slightly from that found in 1977-78 (74.0%). Total academic operating expenditures increased by 53.3% during the period 1977-78 to 1982-83. Since 1977-78, real expenditures on academic activities averaged 7.3% less than in 1977-78.

One of the major factors affecting the demand for academic services is the level of enrolment. While real expenditures on academic functions declined by 6.4% from 1977-78 to 1982-83, total Ontario university FTE enrolment in credit programs/courses increased by 10.7% to record high levels - 210,956 FTE undergraduate and graduate students. During the past year, 1983-84, Ontario university enrolment increased by a further 3.4%. There are 176,414 full-time undergraduate and graduate students and 41,683 FTE part-time undergraduate and graduate students enrolled in Ontario universities and their affiliated colleges, Ryerson Polytechnical Institute, and the Ontario Institute for Studies in Education, for a total FTE enrolment of 218,097.¹¹

Figure 13 displays academic operating expenditures per FTE student in constant 1977-78 dollars for the period 1977-78 to 1982-83. As can be seen from this figure, there has been a marked decline in real academic expenditures per student, averaging 9.0% below the 1977-78 level. It is clear that while the level of enrolment has an important impact on the demands for academic services provided by universities, similar to operating expenditures in general, changes in real expenditures on academic functions show little relationship to changes in enrolment. Universities appear to have accommodated changes in total enrolment

11. The enrolment data were drawn from Ministry of Colleges and Universities, University Audit Reports: Financial Reports, April 22, 1983, pp. 10-13 and April 5, 1984, pp. 10-13.

FIGURE 13
Indexes of Real Academic Operating Expenditures
per FTE Student: 1977-78 to 1982-83 (Constant
1977-78 Dollars, 1977-78 = 100.0)



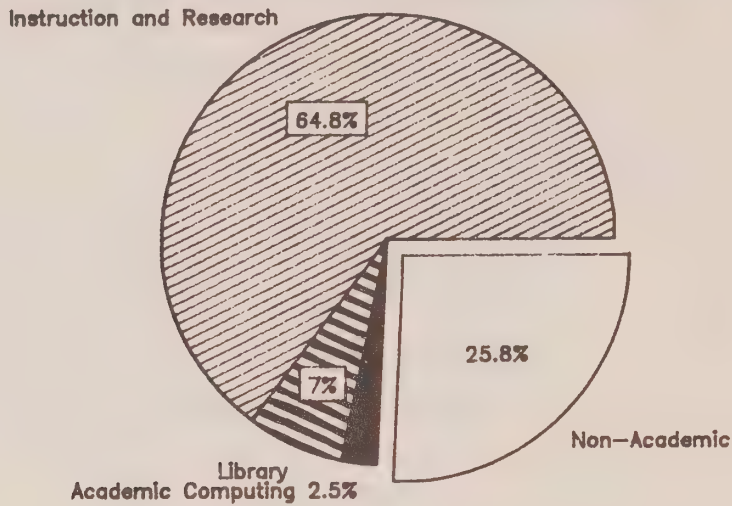
Source: Table 16 of Appendix.

and enrolment shifts among disciplines without redirecting, in a significant way, their financial resources between non-academic and academic functional areas.

The majority of Ontario universities' operating expenditures is spent in the "instruction and non-sponsored research" functional area, which refers only to the credit instruction and non-sponsored research activities.¹³ University expenditures in this functional area go toward the direct costs of faculties, academic departments, graduate schools, summer school, credit extension, deans' and departmental offices. As Figure 14 illustrates, credit instruction and non-sponsored research represented 64.8% of

13. The remaining instruction (non-credit) and research (sponsored and contract) activities are accounted for under the other (non-credit) and sponsored research funds.

FIGURE 14
Academic Expenditures by Functional Area as a Proportion
of Total Operating Expenditures: 1982-83



Source: Table 16 of Appendix.

total operating expenditures in 1982-83, slightly higher than the 1977-78 level of 64.4%. Despite a 10.7% increase in enrolment by 1982-83, real expenditures on credit instruction and non-sponsored research declined by 5.6% and during this period averaged 6.8% below the 1977-78 level, resulting in the significant decline in the real instruction and non-sponsored research expenditures per student indicator found in Figure 13.

The second largest academic expenditure area is the "library" functional area. It encompasses the universities' main libraries, branches and faculty and department libraries and all purchases of books and periodicals from operating funds. The share of total operating expenditures accounted for by this functional area has also remained virtually unchanged at 7.0% since 1977-78. Total library

expenditures during this period declined in real terms by 11.8%.¹⁴ As Figure 13 illustrates, on a per FTE student basis, real library expenditures declined by an even greater amount than real instruction and non-sponsored research expenditures during the period 1978-79 to 1982-83, averaging 11.7% less than the 1977-78 level.

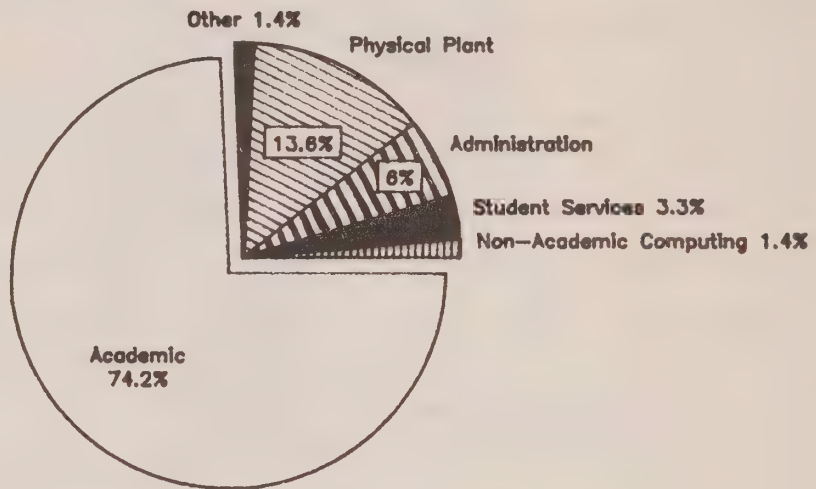
The final area of academic operating expenditures is "academic computing" which is 63.4% of the total "central computing" functional area. It includes instruction, research and library-related computing activities and operations carried out by central university computing facilities, and does not include academic computing activities and operations using computing facilities that are not centrally managed. The share of total operating expenditures represented by academic central computing has changed little from the 1977-78 level of 2.6%, dropping to 2.5% in 1982-83. During the period 1978-79 to 1982-83, academic central computing expenditures averaged 13.5% below the 1977-78 level in real terms. Real academic expenditures per FTE student averaged 15.0% below the 1977-78 during the subsequent five years.

ii) Non-Academic Expenditures

Non-academic expenditures refer to those operating expenditures which do not directly support the provision of instruction and research within Ontario universities. As noted above, these include expenditures in the following functional areas: physical plant; administration; student services; non-academic computing; and other. In 1982-83, operating expenditures on non-academic functional areas accounted for 25.8% of total operating expenditures, down from 26.0% in 1977-78. Total non-academic operating expenditures increased by 51.7% during the period from 1977-78 to 1982-83 in current dollars, and averaged 8.7% in real terms below the 1977-78 level since then.

14. See Library section of Operating Expenditures by Objects of Expense for details on library acquisitions.

FIGURE 15
Non-Academic Operating Expenditures by Functional Area
as a Proportion of Total Operating Expenditures: 1982-83



Source: Table 16 of Appendix.

As can be seen in Figure 15, the largest share of non-academic operating expenditures is spent on physical plant activities. Physical plant refers to the operation, management and maintenance of the physical facilities of Ontario universities and the services and costs generally provided for or covered by physical plant departments.¹⁵ As Table 16 of the Appendix illustrates, physical plant's share

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15. These include physical plant administration, building maintenance, custodial services, utilities, landscape and grounds maintenance, security and traffic control, purchasing and receiving, hauling and stocking of furniture, mail and messenger delivery, property taxes, vehicles and equipment, property, fire and liability insurance, renovations, alterations and major repairs, and space rental costs.

of operating expenditures decreased from 14.3% in 1977-78 to 13.6% in 1982-83.¹⁶ It was the only non-academic functional area to experience a decline in the share of non-academic resources. Total physical plant expenditures averaged 11.8% below the 1977-78 figure in constant dollars during the period 1978-79 to 1982-83. By 1982-83, real expenditures on physical plant declined to 13.2% less than the 1977-78 level.

The share of operating expenditures accounted for by administrative expenses increased from 5.7% in 1977-78 to 6.0% in 1982-83. During this period, real expenditures on administration, planning and information costs and activities associated with the offices of the senior administration, registrar, research administration, the secretariats of the governing bodies and senates, finance and accounting, personnel, purchasing, and institutional research averaged 1.9% below the 1977-78 level, but by 1982-83 were only 0.1% below the 1977-78 level. Most administrative expenses are found in salaries, wages and benefits. Interestingly, however, the proportion of total administration expenditures on these items declined from 90.3% in 1977-78 to 83.7% in 1982-83. Non-salary administration expenditures increased substantially during this period.

The student services' share of total operating expenditures remained relatively unchanged from 1977-78 to 1982-83 at 3.3%, but averaged 10.1% less than the 1977-78 level during the period 1978-79 to 1982-83 in real terms

16. In 1981-82, COFO-UO altered its definition of physical plant to include property taxes for which a compensating grant is received from the Provincial Government, where previously these property taxes were accounted for under the "Other" functional area of the operating fund. The 1977-78 to 1979-80 proportions for physical plant shown in this section of the paper are adjusted for this change in definition by including all taxes under physical plant.

while enrolment averaged 2.1% higher.¹⁷ The proportion of student services' operating expenditures spent on scholarship, bursaries, etc. increased from 20.3% in 1977-78 to 27.6% in 1982-83, while the salary-related expenditures' share of student services' expenditures declined from 61.5% to 54.2%.

The remaining non-academic functional areas shown in Table 16 of the Appendix, "non-academic computing" and "other", each accounted for only 1.4% of total operating expenditures in 1982-83.¹⁸ The proportion of total central computing expenditures devoted to computing activities and operations that are not related to instruction, research and library operations and carried out by central university computing facilities increased from 34.1% in 1977-78 to 36.6% in 1982-83.

B.2 (b) Operating Expenditures by Object of Expense

As noted above, objects of expense refer to those items on which funds are expended in carrying out university activities. Objects of expense are generally divided into two categories: (i) salary-related expenditures; and (ii) non-salary expenditures. Salary-related operating expenditures include the salaries, wages and benefits of faculty and staff. Non-salary operating expenditures include expenditures on library acquisitions, equipment and furniture, utilities, operational supplies and expenses and others. A breakdown of the objects of expense that comprise operating expenditures and their values for 1977-78 to 1982-83 is

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17. The "student services" functional area includes student counselling, athletics, placement services, student housing services, Dean of Students, student transportation services, grants to student organizations, student program costs (for example for cultural, music and drama programs), and student centre costs.
 18. The "other" functional area covers the remaining operating fund activities and expenses, including: the development office, alumni office, public relations, the administration of safety programs, convocation and ceremonies, professional fees, and insurance (excluding that covered by the physical plant function).

found in Table 17 of the Appendix. Figure 16 illustrates graphically the proportion of real operating expenditures accounted for by salary-related and non-salary expenses during this period.

i) Salary-Related Expenditures

The majority of university operating expenses is in salaries, wages and benefits of faculty and staff. The proportion of operating expenditures accounted for by this area declined slightly from 80.6% in 1977-78 to 79.8% in 1982-83. During this period, expenditures increased by 61.1% from \$699.8 million to \$1,059.3 million, a real decline of 6.8%.

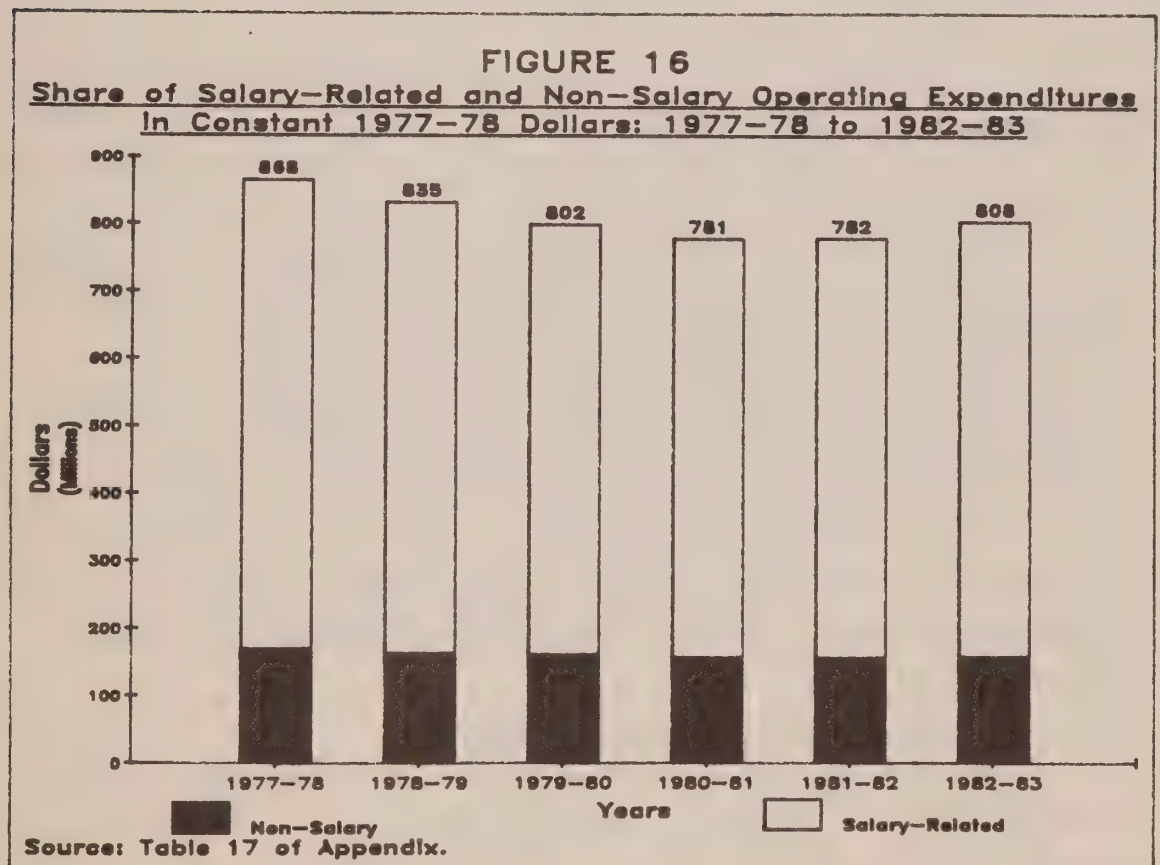
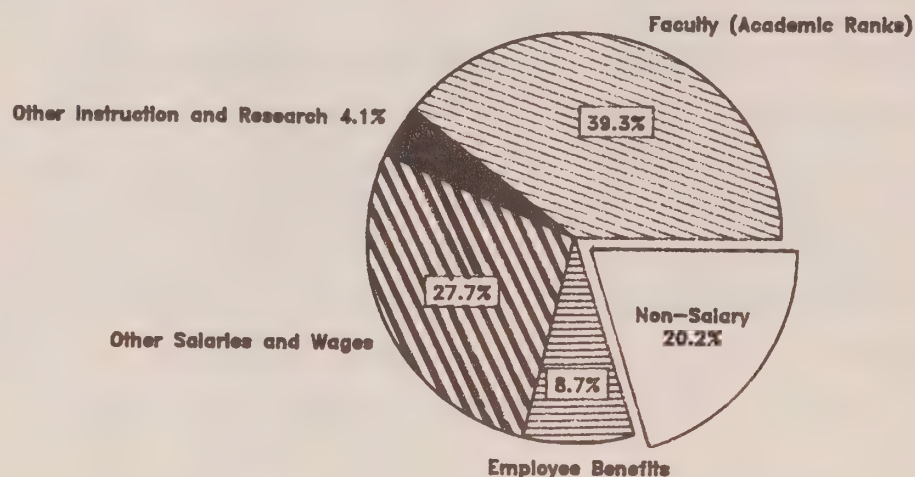


FIGURE 17
Salary-Related Expenditures by Object of Expense
as a Proportion of Total Operating Expenditures: 1982-83



Source: Table 17 of Appendix.

Figure 17 provides a breakdown of the share of Ontario universities' salary-related expenditures accounted for by each salary-related object of expense. Of the total operating fund salary-related expenditures, faculty and staff benefits account for only a small portion. In 1982-83, about \$116 million of the more than \$1,059 million in operating fund salaries, wages and benefits expenditures was spent on employee benefits. The remainder of these expenditures went towards the costs of faculty and staff salaries and wages.

Faculty Salaries and Complement

The largest share of operating fund salaries and wages expenditures is spent on faculty salaries.¹⁹ The proportion

19. Faculty salaries include the salaries of any full-time or part-time university staff members who hold academic rank in institutions, from lecturers to deans inclusive. The salaries and benefits of these staff members are found in the instruction and (non-sponsored) research functional area of the operating fund.

of total operating fund salaries and wages accounted for by faculty salaries increased from 54.1% in 1977-78 to 55.2% in 1982-83. Total university operating expenditures on faculty salaries increased during this period by 53.1% from \$340 million to \$521 million. Over the same period, mean salaries for full-time faculty at Ontario universities rose by 57.4% from \$28,197 to \$44,388, while CPI increased by 62.4%. Thus, faculty salaries have fallen in real terms since 1977-78.

Data from COU found in Table 18 of the Appendix show that from 1977-78 to 1979-80 the number of faculty in Ontario universities declined by 1.7%. Since then, the faculty complement has increased to the point where in 1982-83 there were 13,268.9 FTE faculty members, two more than found in 1977-78. During the period 1977-78 to 1982-83, full-time tenure stream positions increased by 259 or 2.6%, while full-time limited term positions declined by 120 or 7.3%, and FTE part-time faculty declined by 137 or 7.5%. There has been a shift in the proportion of faculty complement represented by tenured faculty, increasing from 73.9% to 75.9% over this period.

During this period, student/faculty ratios increased. In 1977-78, there were 14.4 FTE students per FTE faculty member in the province. By 1982-83, there were 15.9 FTE student per FTE faculty member - a 10.4% increase in this ratio.

Non-Faculty Salaries and Complement

Council has observed in previous financial papers that the salaries of non-faculty staff have, in real terms, declined more than faculty salaries. Unfortunately, unlike that for academic staff, Council does not have complete information on salary levels and complements for these

university employees for the entire 1977-78 to 1982-83 period. Complete data for non-faculty staff are, however, available for the most recent three years - 1980-81 to 1982-83. During that period, mean non-academic staff salaries and wages increased by 26.9% from \$16,544 to \$20,989. During the same period mean faculty salaries increased by 26.3% while CPI increased by 22.6%. From 1980-81 to 1982-83, the number of FTE non-academic staff declined by 7.7%, while the number of faculty increased by 1.6%.

COFO-UO divides the salaries of non-faculty staff into two categories: (i) other instruction and research, and (ii) other salaries and wages. The other instruction and research category refers to staff members without academic rank:

...who are engaged in instruction and research as instructors, tutors, markers, demonstrators, teaching assistants, research assistants, investigators, clinical assistants, post-doctoral fellows, and others...²⁰

From 1977-78 to 1982-83, the share of total operating fund salaries and wages represented by other instruction and research declined from 6.1% to 5.8%. During this period, salary expenditures for other instruction and research employees increased 42.1% and declined in real terms by 12.5%.

The salaries, wages and payments of non-instructional staff are found under "other salaries and wages". This includes the salaries of technicians, clerks, secretaries,

20. Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities: 1982-83, Volume 1, p. 10.

The salaries, wages and benefits of these staff members are found only in the instruction and (non-sponsored) research functional area of the operating fund.

professional and management employees, janitors, tradesmen and maintenance workers. These activities are found in all functional areas of the operating fund. The proportion of total operating fund salaries accounted for by this category of non-faculty staff has also declined slightly since 1977-78 from 39.8% to 39.0% in 1982-83. During this period, salary expenditures for non-instructional staff increased by 46.8% in current dollars and averaged 9.7% below the 1977-78 level in real terms.

There have been some significant shifts in expenditures on non-instructional salaries among functional areas of the operating fund since 1977-78. The most significant changes have occurred in the instruction and non-sponsored research, the physical plant and student services functional areas. The proportion of non-instructional salary expenditures devoted to supporting instruction and non-sponsored research increased from 32.8% in 1977-78 to 35.3% in 1983-83. On the other hand, the proportions of non-instructional salary expenditures spent on physical plant salaries declined from 21.9% to 19.5% and those spent on student services declined from 6.3% to 5.7%.

ii) Non-Salary Expenditures

In 1977-78, Ontario universities expended \$168.6 million or 19.4% of total operating expenditures on non-salary items. By 1982-83 these expenditures had risen by 59.0% to \$268.0 million and represented 20.2% of total operating expenditures. However, this increase in the proportion of total operating expenditures for non-salary items may be misleading. During this period, the prices of non-salary items as measured by OUNSPI increased by 74.1%, while salary-related costs as measured by CPI increased by only 62.4%. Whereas salary expenditures declined by 7.7% in real terms from 1977-78 to 1982-83, non-salary items declined almost equally by 7.4%. Figure 18 provides indexes of real changes in expenditures on the major objects of expense for the years 1977-78 to 1982-83.

FIGURE 18
Indexes of Real Operating Expenditures by Major
Object of Expense: 1977-78 to 1982-83
(Constant 1977-78 Dollars, 1977-78 = 100.0)



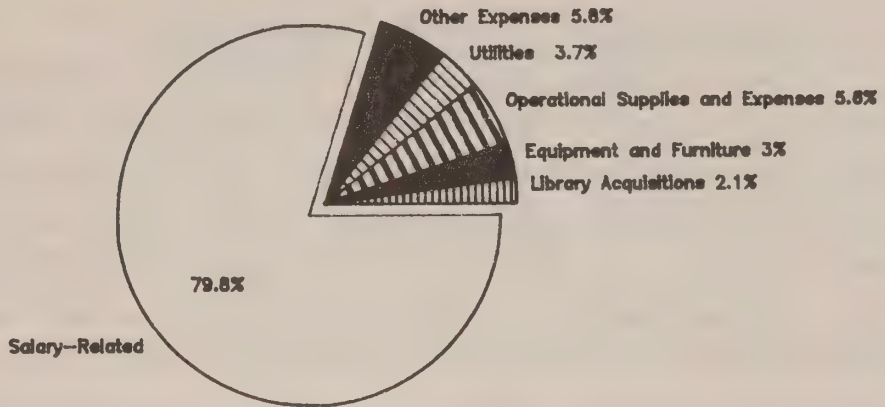
Source: Table 17 of Appendix.

Table 17 of the Appendix provides a breakdown of the types of non-salary expenditures incurred by universities for the years 1977-78 to 1982-83. Figure 19 displays the share of non-salary operating expenditure accounted for by the major non-salary objects of expense in 1982-83.

Operational Supplies and Expenses

The largest non-salary expenditure category is operational supplies and expenses. It includes, among other things, postage, duplication, publication, telephone charges, repair materials and office supplies. Expenditures in this area have increased by only 45.7% since 1977-78 (a real decline of 15.1%), resulting in a decline in share of non-salary operating expenditures from 30.2% in 1977-78 to

FIGURE 19
Non-Salary Expenditures by Object of Expense as a
Proportion of Total Operating Expenditures: 1982-83



Source: Table 17 of Appendix.

27.6% in 1982-83.²¹

Utilities

Ontario universities' expenditures on fuel, electricity, water, gas and telephone equipment rental and installation increased by 40.2% from 1977-78 to 1982-83. The share of non-salary operating expenditures spent on these utilities declined from 20.6% to 18.2%. The universities have effected considerable savings in this area of opera-

21. Prior to 1980-81, equipment and furniture maintenance was not reported as a separate category of expenditure by COFO-UO. A large portion of these expenditures was reported under operational supplies and expenses. To ensure reasonably consistent inter-year comparisons, expenditures on maintenance of equipment and furniture for the years 1980-81 to 1982-83 are included in underlying operational supplies and expenses figures used in these calculations.

tion. Utility costs have increased by 40.2% during this period, implying a reduction in real utility expenditures of 21.3%.

Equipment and Furniture Expenditure

The equipment and furniture category of expenditures includes expenses for laboratory equipment, administrative equipment and furnishings, copying and duplicating equipment, computing equipment, maintenance equipment and furniture.²² It is evident from Figure 18 that the real value of equipment and furniture purchase and rental expenditures has declined substantially in recent years. During the period 1978-79 to 1982-83 real expenditures on equipment and furniture purchases and rentals averaged 9.5% less than in 1977-78. By 1982-83, however, real equipment and furniture purchases were 6.4% greater than in 1977-78.

Equipment and furniture purchase and rental expenditures' share of non-salary operating expenditures increased from 14.7% in 1977-78 to 14.8% in 1982-83. In 1982-83, 46.5% of equipment and furniture expenditures were spent in the instruction and (non-sponsored) research functional area, and 36.8% were accounted for by central computing. During the period 1977-78 to 1982-83 the proportion of these expenditures in central computing, library and physical plant functional areas declined, while the proportion spent in the remaining functional areas increased (particularly administration).

Library Acquisitions

The total value of Ontario universities' expenditures on purchases of books, periodicals, microfilms, microfiche and other reference materials for their main, branch and

22. Over 80% of expenditures on equipment and furniture are devoted to equipment expenditures, including computer costs.

faculty or departmental libraries declined by 18.8% in constant dollars during the period 1977-78 to 1982-83 as illustrated in Figure 18. The share of total non-salary operating expenditures devoted to library acquisition increased slightly from 10.4% in 1977-78 to 10.5% in 1982-83.²³

As Council has noted in the past, the severity of the decline in library acquisitions can be attributed not only to the pressures of general financial constraints, but also to extraordinary increases in the prices of books and periodicals. As shown in Table 17 of the Appendix, library acquisition expenditures increased by about 61.1% from 1977-78 to 1982-83. At the same time, the prices of monographs and periodicals increased by about 85% and 112%, respectively.

Other Non-Salary Expenditures

The remaining objects of operating expense and their values for the years 1977-78 to 1982-83 are found in Table 17 of the Appendix. "Other expenditures" on renovations, alterations and major repairs; externally contracted services; scholarships and bursaries; taxes; principal and interest repayments; land and site services; buildings; miscellaneous; and internal cost allocations have increased by 90.8% since 1977-78 to \$77.6 million.

The largest objects of expense in recent years have been miscellaneous expenditures (\$29.2 million in 1982-83), externally contracted services (\$16.9 million in 1982-83), renovations, alterations and major repairs (\$15.1 million in 1982-83), and scholarships and bursaries (\$12.0 million in 1982-83). Expenditures on these objects of expense increased by 41.1%, 41.6%, 56.5% and 108.6% respectively since 1977-78. The remaining objects of expense - taxes, principal and interest repayment, land and site services, building and internal cost allocations - also increased considerably to \$4.6 million in 1982-83.

23. The price deflator used to calculate constant dollar values for 1978-79 to 1982-83 was the books and periodicals component of OUNSPI.

B.2 (c) Summary of Operating Expenditures

Since 1977-78, Ontario universities have responded to the constraints placed on their operating revenue by constraining their operating expenditures. At the same time, however, demands placed on these institutions have increased. This is particularly evident in the area of academic instruction where enrolments have fluctuated, declining slightly and, in recent years, increasing to record levels. On the other hand, faculty numbers generally remained stable. Student/faculty ratios have increased by over 10% since 1977-78 while academic expenditures per FTE student have declined by over 15% in constant 1977-78 dollars.

As the analysis above indicates there has been very little shift in the proportion of operating expenditures going toward each university functional area in response to the income constraints experienced in recent years. Institutions have constrained expenditures relatively consistently across the board as opposed to selective cuts in areas of low priority and enhancements of areas of high priority. This may not be surprising given that one functional area, instruction and non-sponsored research, accounts for almost 65% of operating expenditures and encompasses a broad range of university activity. The financial information available to Council does not, for example, allow for an analysis of the shifts in resources that have taken place at the faculty and department level to accommodate shifts in student preferences. Despite some shortcomings in the information available, it is evident that some key university functions have suffered more severe declines in real expenditures than most. However, the differences are not great. In particular, expenditures on the functional areas of academic computing, library, physical plant and student services declined in real terms by a greater rate than did the other functional areas.

Similarly, of the major objects of expense, library acquisitions, operational supplies and expenses, utilities, and the two non-faculty salary categories of other instruction and research and other salaries and wages declined more severely than did other objects of expense. The functional areas mentioned accounted for 26.4% of total operating expenditures in 1982-83 while the objects of expense accounted for 43.2% of total operating expenditures in the same year. To a lesser extent the remaining functional areas also experienced declines in real expenditures. From the data available, it appears that the shifting of resources into priority areas has been limited and, for the most part, where shifts have occurred they have not been dramatic.

The impact of the combination of across the board reductions in real expenditures of about 7% and an increase in FTE enrolment of over 10% is difficult to quantify and to put into perspective. This combination results in a significant decline in expenditures per student in student-related academic and non-academic functional areas such as academic computing instruction and non-sponsored research, library and student services. At the same time, faculty numbers remained relatively unchanged while non-faculty staff complements were reduced. Given these considerations, Council concludes that the "inputs" into students' university experience have been diminished. To what extent is uncertain.

C. THE CAPITAL FUND

The capital fund of Ontario universities reflects the revenue available and funds expended for capital purposes, including the costs of major renovations, alterations and repairs along with new construction. In 1982-83, about 2.2% of total university system revenue and 2.4% of total university system expenditures were accounted for by the capital fund. As Tables 1 and 2 of the Appendix indicate, the proportions of total resources available and expended have declined sharply since 1977-78 when they stood at 3.7% of total revenue and 4.3% of total expenditures while the demands placed on the physical plant and other capital resources of the universities have increased.

C.1 CAPITAL INCOME

Since 1977-78, Ontario universities' capital income has declined by 3.9% in current dollars and by 38.8% in constant 1977-78 dollars. The resource constraints on capital activity have been more severe than the activities found in any other university fund. In fact, this is the only fund to experience a decline in current dollar revenue since 1977-78.

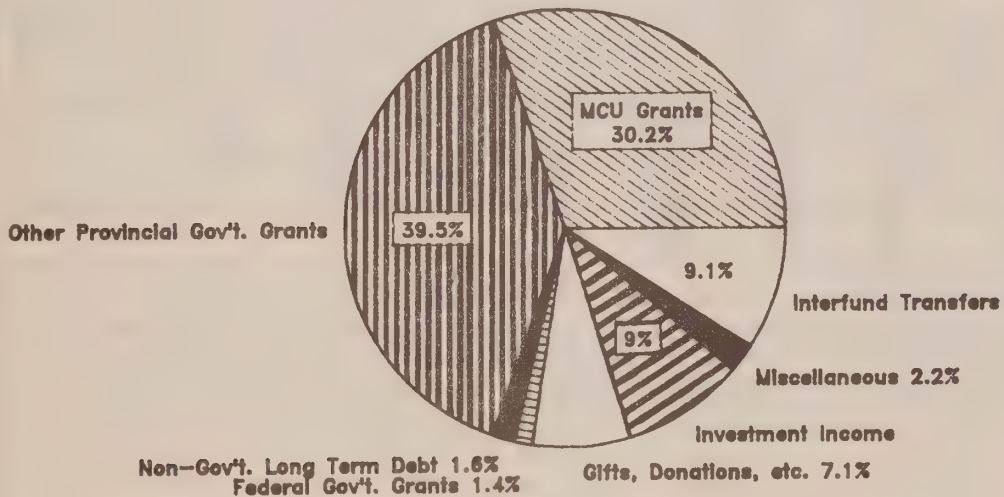
The universities have very little flexibility in the use of the majority of their capital income. Provincial Government capital grants are generally allocated on a project by project basis according to set criteria. MCU capital grants are allocated according to Ministerial discretion after project review. The capital projects submitted by universities are assessed individually according to the conditions, guidelines and criteria set out by Council in Advisory Memorandum 76-VIII. The flow of funds for these projects is controlled by the Ministry as the projects progress.

Other Provincial Government capital grants are also tightly controlled. For example, the procedures for capital grants from the Board of Industrial Leadership and Development (BILD) follow closely those set out for the Ministry of

Colleges and Universities. The criteria for grant eligibility and priorities differ from the MCU grants, but these grants are administered by MCU officials for BILD.

Table 19 of the Appendix provides a breakdown of the total capital income of the universities for the period 1977-78 to 1982-83. Non-Provincial Government sources of capital income declined by 12.8% during the period 1977-78 to 1982-83. On the other hand, Provincial Government capital funding remained relatively unchanged, increasing by 0.5% during this period. Clearly, unlike other areas of university activity, provincial capital grants are becoming increasingly important for the funding of capital projects. Figure 20 displays the proportion of capital income accounted for by various sources in 1982-83.

FIGURE 20
Proportion of Capital Income by Source:
1982-83



Source: Table 19 of Appendix.

C.1 (a) Capital Grants

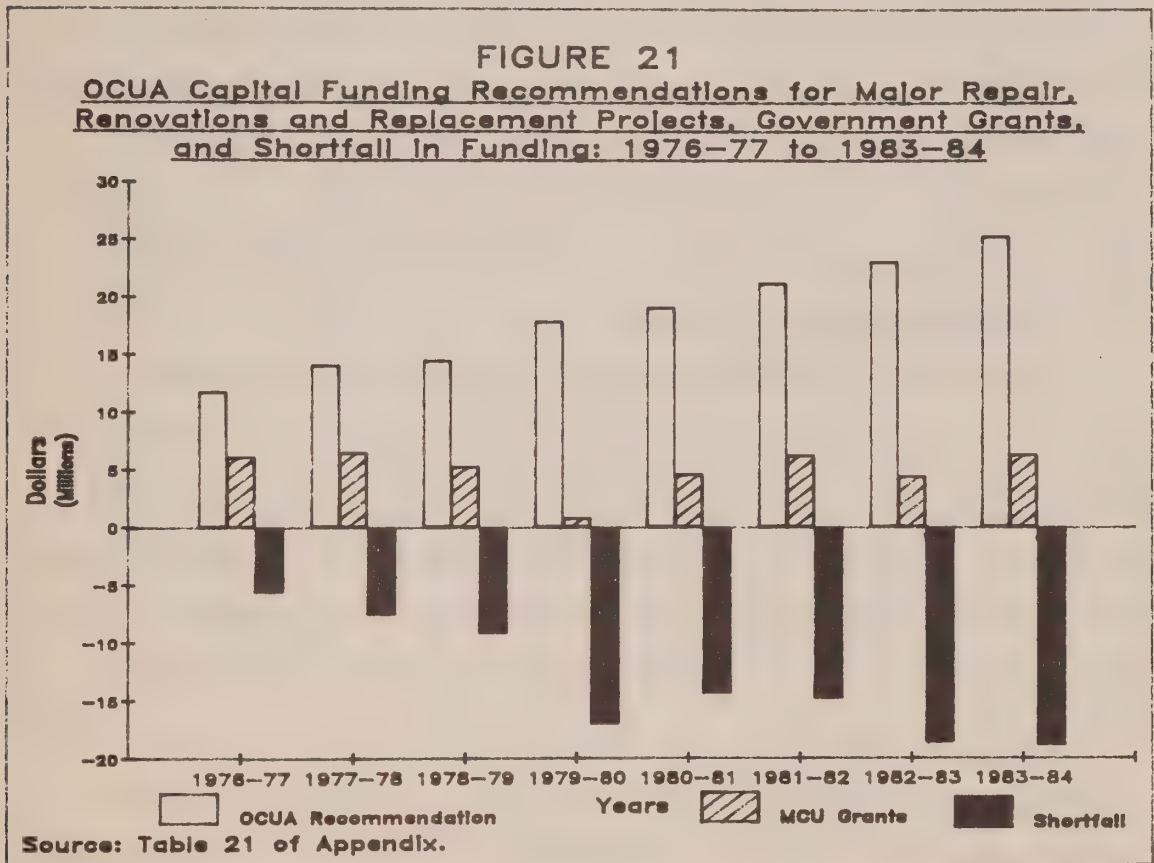
The capital investment by the Government of Ontario in land, building and other physical assets of the Ontario university system is shown in Table 20 of the Appendix. Of the more than one billion dollars Government has invested in the system through capital grants and debentures since 1944, over 80% occurred between 1964-65 and 1973-74. Since that time there has been little or no capital expansion and capital funding for repairs, renovations and replacement projects has been increasingly restricted.²⁴

Ontario universities received MCU capital grant allocations of \$15.2 million, \$13.5 million, \$13.5 million, \$13.5 million, \$14.3 million and \$12.2 million in each of the last six years (1978-79 to 1983-84). It is apparent from both Tables 19 and 20 of the Appendix that there is an increasing tendency by Government to provide capital projects' grants outside the normal MCU capital grants process. These grants are awarded according to criteria different from the MCU capital grants and in many instances have a different purpose. In 1982-83, for example, an additional \$10.0 million was made available for repairs to university buildings through the BILD Summer and Winter job creation programs. In 1983-84, a further \$7.4 million was made available as a special capital works acceleration program coordinated by BILD. This job initiative "is targetted primarily to regions of the province with higher levels of unemployment"

24. The difference in capital grant figures found in Tables 20 and 21 of the Appendix from those found in Table 19 of the Appendix can be attributed to the use of two different sources of data. The data found in Tables 20 and 21 of the Appendix are from the Ministry of Colleges and Universities while the data found in Table 19 are from COFO-UO reports. The differences in the figures listed are a consequence of: the differences in fiscal years for Government and the universities and differences in defining capital activity used by Government and universities which results in MCU "capital grants" being reported outside of the capital fund and other grants being reported in the capital fund.

and will provide \$18.6 million to the universities over two years.²⁵

Table 21 of the Appendix shows Council's advice on the capital requirements of the universities and the actual grants made available since 1976-77. Council has consistently recommended to Government that, to maintain Ontario's substantial capital investment in the university system, 1% of the replacement value of the space inventory of the universities be provided annually for new major repairs, renovations and replacement projects (excluding any amounts necessitated by carry-overs).²⁶ Table 21 indicates that



25. 1983 Ontario Budget, May 10, 1983, p. 10.

26. See Advisory Memorandum 77-IV for further information on Council's capital recommendation.

Government funding for this purpose has fallen well short of Council's recommendations. Figure 21 displays graphically this shortfall in capital funding for the years 1976-77 to 1983-84. For 1983-84, Council recommended that \$25.3 million be provided, but only \$6.4 million has been made available. Even when the \$7.4 million from the BILD program is taken into account, Government support for the maintenance of capital investment fell \$11.5 million short of Council's recommendations for 1983-84.

As mentioned above, Council's capital funding recommendations pertain to new major repairs, renovations and replacement projects. However, in recent years, as shown in Table 21 of the Appendix, the majority of Government capital support has been directed towards the continued funding (carry-over) of existing major repairs, renovations and replacement projects and carry-over costs of projects involving the construction of additional space. The funding, even for these projects, has been restricted severely in recent years.

C.1 (b) Other Capital Income

Capital income from sources other than Provincial Government grants accounted for 30.4% of total capital income in 1982-83. As Table 19 of the Appendix indicates, income from non-government borrowing, Federal Government grants and contracts, fees, gifts, donations and non-government grants, investment income, miscellaneous income, and interfund transfers declined by 12.8% from 1977-78 to 1982-83.

A substantial portion of this reduction came from reduced borrowings by the universities, dropping from \$6.1 million in 1977-78 to \$0.7 million in 1982-83. Income from gifts, donations and non-government grants, investment income and miscellaneous sources fluctuated throughout this period. At the end of this period, revenue was less than at

the beginning of the period for gifts, donations and non-government grants (-3.4%) and miscellaneous income (-10.0%). On the other hand, in 1982-83 investment income was 20.4% higher than in 1977-78. Income from these four sources in 1982-83 was one third less than the income from these sources in 1977-78.

Given the constraints on the traditional sources of Governmental and non-Governmental sources of capital it is not surprising to see a steady rise in interfund transfers from other funds into the capital fund during the period 1977-78 to 1982-83. During this period interfund transfers increased by 204.1% and the share of total capital funding increased from 2.9% to 9.1%. Thus the universities have been augmenting their capital income with revenues from other funds.

C.2 CAPITAL EXPENDITURES

Total Ontario universities' capital expenditures declined by 9.4% from 1977-78 to 1982-83. As illustrated in Table 22 of the Appendix, during this period, there were major shifts in expenditures within the capital fund.

The majority of capital expenditures is spent on building construction costs. This object of expense includes the direct building construction costs as well as the planning costs associated with such construction and any costs incurred during construction such as utilities. Expenditures on building construction declined by 36.2% from \$36.8 million in 1977-78 to \$23.4 million in 1982-83. During this period the proportion of total capital resources spent on building construction declined from 73.2% in 1977-78 to 51.6% in 1982-83.

The major increases in capital expenditures that occurred during the period 1977-78 to 1982-83 were in renovations, alterations and major repairs, and equipment and furniture purchases. Expenditures on major renovations, alterations and repairs increased by 121.7% and the share of total capital expenditures increased from 12.8% to 31.3% during this period. Equipment and furniture expenditures increased by 59.7% and the share of capital expenditures increased from 8.0% to 14.2%.

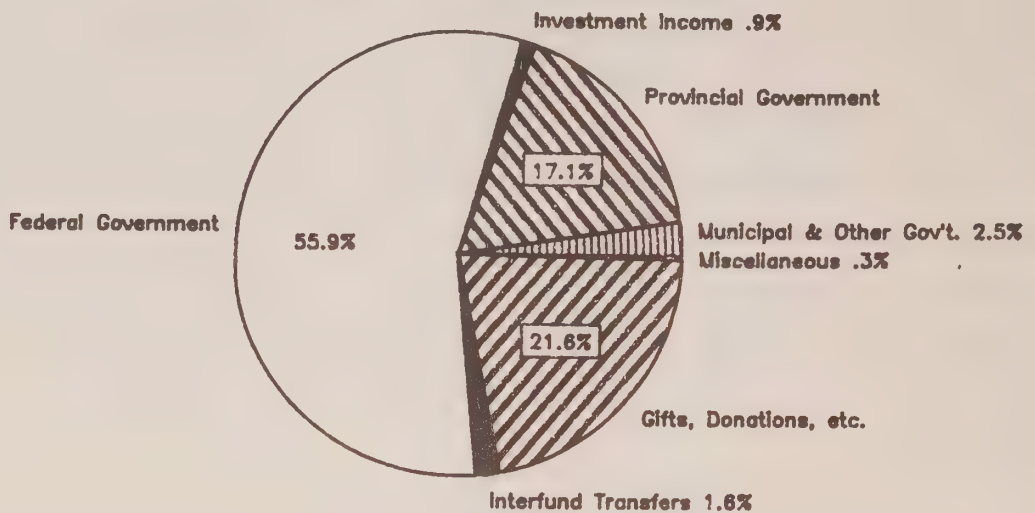
D. THE SPONSORED RESEARCH FUND

The sponsored research fund of Ontario universities accounts for government and private sources of external grant support specifically available for and expended on research activities and projects. In 1982-83, about 14.1% of total university system revenue and 14.4% of total university system expenditures were accounted for by the sponsored research fund. As Tables 1 and 2 of the Appendix indicate, these proportions of total resources available and expended increased significantly since 1977-78 when they stood at 10.9% of total revenue and 10.8% of total expenditures.

D.1 SPONSORED RESEARCH INCOME

Figure 22 displays the proportion of total sponsored research income accounted for by major sources of income. As can be seen by this figure, most of the universities' sponsored research revenue comes from Government sources. These include: i) the federal granting agencies - Natural Sciences and Engineering Research Council (NSERC), the Medical Research Council (MRC) and the Social Sciences and Humanities Research Council (SSHRC); ii) contracts with various departments of the federal government; and iii) contracts with ministries in the provincial government. Table 23 of the Appendix outlines the sources of sponsored research funding received in the years 1977-78 to 1982-83. Total sponsored research has increased by 114.2% over this period, with the share of Federal Government sponsored research decreasing from 58.8% to 55.9% and the Government of Ontario's share decreasing from 18.2% to 17.1%. Interestingly, the share of total sponsored research funding from non-government grants, gifts and donations increased from 16.7% in 1977-78 to 21.6% in 1982-83.

FIGURE 22
Proportion of Sponsored Research Income by Source:
1982-83



Source: Table 23 of Appendix.

The funding of sponsored research in the universities from NSERC, MRC and SSHRC improved slightly in 1983-84. However, in order for the Federal Government's Research and Development (R and D) expenditure target of 1.5% of Gross National Product by 1985 to be realized, university R and D expenditures must increase annually by 9%.²⁷

D.2 SPONSORED RESEARCH EXPENDITURES

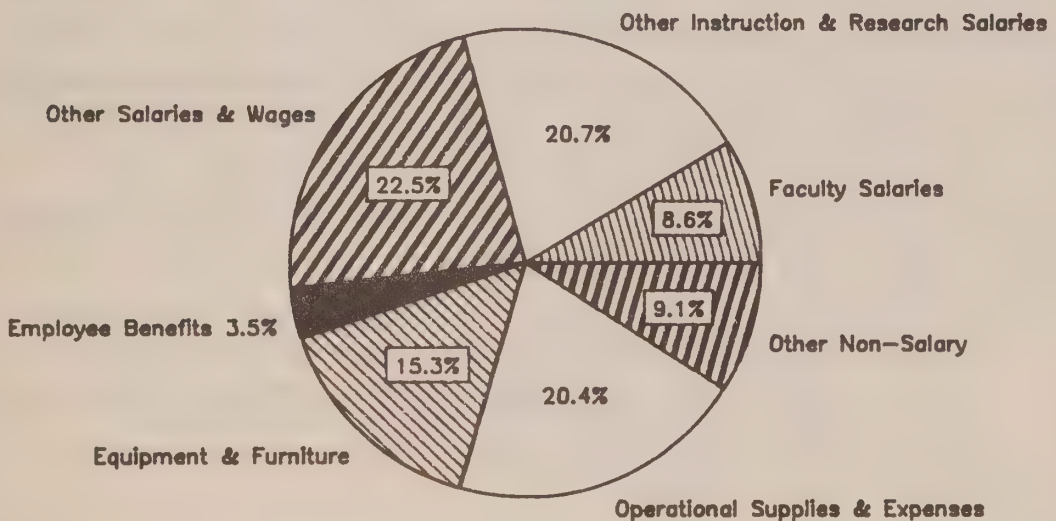
Total Ontario universities' sponsored research expenditures increased by 34.5% in real terms from 1977-78 to 1982-83. Table 24 of the Appendix outlines the universities' sponsored research expenditures by object of expense for the

27. Ministry of State for Science and Technology - Canada, The Government of Canada's Investment in Science, 1982, p. 8.

years 1977-78 to 1982-83. As can be seen from Figure 23, the majority of sponsored research expenditures goes toward salary-related expenditures. However, the share of total sponsored research expenditures associated with salary-related expenditures declined from 59.2% in 1977-78 to 55.1% in 1982-83. On the other hand the share of sponsored research expenditures accounted for by equipment and furniture purchases doubled during this period from 7.7% to 15.3%.

Research was one of the main topics of discussion at Council's 1983 Spring hearings. Council was impressed with the effort and the accomplishments of Ontario universities

FIGURE 23
Proportion of Sponsored Research Expenditures
by Object of Expense: 1982-83



Source: Table 24 of Appendix.

in this vital area of university endeavor. A major concern of the institutions was the high overhead or indirect costs of carrying out sponsored research. The residual direct costs and the indirect costs of sponsored research, including such costs as library, computer, administrative and physical plant resources, and technical support staff, have had to be covered by operating grants provided by the provincial Government. It is difficult to determine from COFO-UO information the size of overhead charges made by the universities. Such overheads can be included under the specific object of expense or they may be included under internal cost recoveries. The recently released study by the Canadian Association of University Business Officers (CAUBO), indicates that the overhead or indirect costs of research activity amount to an additional 50% of the direct cost of research when space and capital costs are excluded, and almost 80% of direct cost if capital replacement costs are included.²⁸

In reference to problems of indirect costs of research, the University of Waterloo concluded its 1983 brief to Council with the statement that: "...the continued erosion of base funding to subsidize research costs is detrimental to the institution, students, faculty and staff and, ultimately, to the research itself."²⁹ The University of Guelph concluded in its brief to Council that:

Faced with this situation, the university has only three choices: first to curtail research, second to sacrifice the teaching programs, many of which are already underfunded, or third, to somehow recoup from the granting agencies a greater share of research overhead.³⁰

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28. Canadian Association of University Business Officers, Report of the Study on the Costs of University Research, 1982, p. 16.
 29. University of Waterloo, Brief to Ontario Council on University Affairs, April 7, 1983, p. 6.
 30. University of Guelph, Material for the Ontario Council on University Affairs Hearing with the University of Guelph, 1983, p. 12.

CONCLUSION

Council has stated on a number of occasions that it believes that the Ontario university system has received an inadequate level of income since 1977-78. During the period 1978-79 to 1982-83, total university revenue averaged 3.9% below the 1977-78 level in constant 1977-78 dollars, while FTE enrolment averaged 2.1% above the 1977-78 level. This disparity has grown to the point where, in 1982-83 enrolment was 10.7% above the 1977-78 level compared with real income 1.1% higher than in 1977-78. Cumulatively, the universities have absorbed a \$255 million reduction in real income (1977-78 dollars) and a \$267 million reduction in real expenditures over the period 1977-78 to 1982-83. Real income has declined most severely in the operating fund and capital fund, both of which receive the majority of their income from Government.

As a result of the preceding analysis and past study, Council concludes that restrictions on Government funding since 1977-78 have been the main cause of the growing disparity between the level of service demanded of the universities of Ontario and the level of income available to carry out the universities' responsibilities. The share of total income from provincial sources has dropped from 63.5% in 1977-78 to 58.0% in 1982-83. Government operating grants and capital grants averaged 9.9% and 36.5% below their respective 1977-78 levels in real terms. In comparison with universities in other provincial jurisdictions, by 1981-82 Ontario universities received the lowest level of operating grants per FTE student and the second lowest level of operating income per FTE student in the country.

While revenue supporting operating fund activities remains heavily dependent on Government grants, the burden of support of operating fund activities has shifted somewhat to other sources of revenue such as student fees. There are, however, limits to the flexibility universities have in increasing revenue for operating fund activities such as credit instruction and non-sponsored research. Those constraints are the result of restrictions placed on the use

of various sources of income by Government (student tuition fees), private donors and practical limits on the ability of universities to substantially increase revenue from non-Government sources. While other sources of operating income have become more important in recent years it is unrealistic to expect that the deficiencies in the level of Government grants can be overcome by increasing revenue from other sources. In particular, Council feels strongly that the universities should not be expected to increase their flexibility in interfund transfers from the trust and endowment fund to the operating fund for use on general operating expenditures. Such behaviour may reduce donor receptiveness to future fund-raising campaigns.

In examining the flexibility universities have in using existing sources of funding, Council found the limits on the flexibility in expending most major sources of income within each fund varied from fund to fund. In the operating fund, over 90% of the universities' income is determined by Government. However, for the vast majority of this funding, the limitations on use are minimal. This is not the case for capital funding. Virtually all Government-generated funding is tightly controlled on a project-by-project basis.

The universities have responded to funding constraints by constraining expenditures relatively consistently across the board as opposed to selective cuts in areas of low priority and enhancements of areas of high priority. There has been very little shift in the proportion of operating expenditures going toward each functional area or object of expense. There have been some exceptions which, while not dramatic, should be noted. Real operating expenditures on academic computing, library, physical plant and student service functional areas of the operating fund have declined at a greater rate than those in other functional areas. Similarly, real expenditures on library acquisitions, operational supplies and expenses, utilities and non-faculty salaries and wages have declined by a greater margin than other objects of expense.

While unable to measure the effect of restricted funding on the quality of the "outputs" of Ontario universities (educated graduates and scholarly research), Council's analysis sheds some light on what has happened to the "inputs" of the university enterprise. Coinciding with the reductions in real operating expenditures mentioned above has been an increase in student/faculty ratios of over 10%. When measured in constant dollars, there have also been significant reductions in student-related expenditures per student; i.e., library, academic computing, student services, and instruction and non-sponsored research. In addition, the physical plant continues to deteriorate as: demands placed on it increase to record levels; support staff levels decline as demands for their services increase; equipment renewals are delayed as the need for up-to-date equipment for teaching and research becomes more critical; and the ability to cover overhead costs of sponsored research diminishes, placing future research projects in jeopardy. Council, therefore, concludes that there has been a reduction in the quality of the "inputs" into a university education in recent years. The impact of this on the "outputs" remains uncertain. These problems must be addressed by both Government and the universities with an eye to reversing the trend and identifying those areas of university activities that must be given priority in the future.

APPENDIX

TABLE 1

Total University System Revenue and Type of Fund:
1977-78 To 1982-83

General Funds:	(\$000)					% Change 1977-78 To 1982-83	
	1977-78 \$	% Share	1978-79	1979-80	1980-81	1981-82	1982-83 \$ % Share
Operating (1)	859,819	73.5	904,581	955,316	1,043,126	1,169,112	1,343,563 69.1 56.3
Other (Non-credit) (1)	9,869	0.8	10,822	14,091	15,085	16,625	25,854 1.3 162.0
Ancillary Enterprises	95,785	8.2	101,221	114,494	127,044	137,895	193,929 10.0 102.5
<u>Restricted Funds:</u>							
Sponsored Research (1)	128,049	10.9	144,439	168,528	195,790	251,246	274,338 14.1 114.2
Trust and Endowment (1)	32,488	2.8	39,549	40,179	53,394	59,115	63,763 3.3 96.3
Capital (1)	43,530	3.7	28,820	25,876	41,930	44,731	41,818 2.2 -3.9
TOTAL (1)	1,169,540	100.0	1,229,432	1,318,484	1,476,369	1,678,724	1,943,265 100.0 66.2

(1) 1977-78 to 1979-80 figures exclude sales of services and products. This adjustment was made to ensure consistency with remaining years when sales of services and products were netted against expenses.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 2

Total University System Expenditures and Type of Fund:
1977-78 To 1982-83

General Funds:	(\$000)					% Change 1977-78 To 1982-83			
	1977-78		1978-79	1979-80	1980-81	1981-82	1982-83		
	\$	% Share					\$	% Share	
Operating (1)	855,041	73.7	895,131	948,064	1,044,139	1,173,198	1,327,385	68.9	55.2
Other (Non-credit) (1)	9,750	0.8	11,046	14,471	15,206	17,341	26,114	1.4	167.8
Ancillary Enterprises	95,750	8.3	100,454	115,002	126,467	137,216	194,805	10.1	103.5
<u>Restricted Funds:</u>									
Sponsored Research (1)	125,328	10.8	144,213	161,897	186,985	229,648	277,739	14.4	121.6
Trust and Endowment (1)	24,731	2.1	24,258	28,552	37,579	42,421	55,274	2.9	123.5
Capital (1)	49,808	4.3	34,310	27,319	51,721	40,934	45,481	2.4	-8.7
TOTAL (1)	1,160,408	100.0	1,209,412	1,295,305	1,462,097	1,640,758	1,926,798	100.0	66.0

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 3

Revenue, Expenditures and Changes in Fund Balances for 1982-83
(\$000)

	GENERAL FUNDS			RESTRICTED FUNDS		
	OPERATING	OTHER (NON-CREDIT)	ANCILLARY ENTERPRISES	SPONSORED RESEARCH	TRUST AND ENDOWMENT	CAPITAL, TOTAL
	Unappro- priated	Appro- priated	Unappro- priated	Appro- priated		
Total Revenue	1,343,563	25,854	193,929		63,763	41,818
Total Expenditures	1,327,385	26,114	194,805		55,274	45,481
Net Revenue (Expense)	16,178	-260	-876		8,489	-3,663
Variation in Appropriations	-13,233	13,187	-760	806		
Other Transfers	-1,448	433	332		-642	1,371
Increase (Decrease) for the Year	1,497	173	-1,304	806	-3,384	7,847
Balance - Beginning of Year	-4,721	1,005	866	6,107	136,432	25,377
Balance - End of Year	-3,224	1,178	-438	6,913	86,729	144,279
						23,085
						301,061
						317,528

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 4

Total University System Other (Non-Credit) Income: 1977-78 to 1982-83
(\$000)

	1977-78		1978-79	1979-80	1980-81	1981-82	1982-83		% Change 1977-78 To 1982-83
	\$	% Share					\$	% Share	
1. ONTARIO GOVERNMENT GRANTS AND CONTRACTS									
(i) MCU Grants	732	7.4	790	914	821	925	1,056	4.1	44.3
(ii) Other	2,651	26.9	2,918	3,516	3,626	4,536	5,489	21.1	107.1
TOTAL ONTARIO GRANTS	3,383	34.3	3,708	4,430	4,447	5,461	6,545	25.3	93.5
2. FEES									
(i) Tuition Non-Credit	6,254	63.4	7,115	8,825	9,306	10,341	15,251	59.0	143.9
(ii) Miscellaneous	192	1.9	240	239	266	195	2,118	8.2	1,003.1
TOTAL FEES	6,446	65.3	7,355	9,064	9,572	10,536	17,369	67.2	169.5
3. OTHER INCOME									
(i) Government Grants and Contracts									
(a) Federal		0.0	5	406	245	336	888	3.4	
(b) Other		0.0						0.0	
(ii) Gifts, Donations and Non-Government Grants		0.0	10	475	570	449	466	1.8	
(iii) Investment Income		0.0		5	3	109	240	0.9	
(iv) Miscellaneous	40	0.4	42	63	59	36	282	1.1	605.0
(v) Interfund Transfers		0.0	(298)	(352)	189	(302)	64	0.2	
TOTAL OTHER INCOME	40	0.4	(241)	597	1,066	628	1,940	7.5	4,750.0
TOTAL OPERATING INCOME (1)	9,869	100.0	10,822	14,091	15,085	16,625	25,854	100.0	162.0
UNADJUSTED TOTAL OPERATING INCOME	10,270		10,979	14,377	15,085	16,625	25,854		151.7

(1) Adjusted for change in definition of other (non-credit) revenue in 1980-81, when sales of services and products were netted against expenses.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 5

Total University System Other (Non-Credit) Expenditures by Object of Expense: 1977-78 to 1982-83
(\$000)

	1977-78		1978-79	1979-80	1980-81	1981-82	1982-83		% Charge 1977-78 To 1982-83
	\$	% Share					\$	% Share	
1. SALARIES AND WAGES									
(i) Faculty (Academic Ranks)	2,701	26.6	2,813	3,918	3,806	4,268	4,755	18.2	76.0
(ii) Other Instruction and Research	1,561	15.4	1,743	1,868	1,938	2,787	2,968	11.4	90.1
(iii) Other Salaries and Wages	2,127	21.0	2,588	3,892	4,024	4,124	10,078	38.6	373.8
TOTAL SALARIES AND WAGES	6,389	62.9	7,144	9,678	9,768	11,179	17,801	68.2	178.6
2. EMPLOYEE BENEFITS	541	5.3	504	629	701	851	1,771	6.8	227.4
TOTAL SALARIES AND BENEFITS	6,930	68.3	7,648	10,307	10,469	12,030	19,572	74.9	182.4
3. LIBRARY ACQUISITIONS	0	0.0	0	17	6	4	2	0.0	
4. EQUIPMENT AND FURNITURE									
(i) Purchase	91	0.9	53	144	187	212	295	1.1	224.2
(ii) Rental	25	0.2	29	43	44	39	52	0.2	108.0
TOTAL EQUIPMENT AND FURNITURE	116	1.1	82	187	231	251	347	1.3	199.1
5. OPERATIONAL SUPPLIES AND EXPENSES (1)	1,561	15.4	1,698	2,740	2,889	2,802	3,885	14.9	148.9
6. UTILITIES	0	0.0	0	119	141	218	338	1.3	
7. EXTERNALLY CONTRACTED SERVICES	0	0.0	0	30	6	11	17	0.1	
8. MISCELLANEOUS	649	6.4	822	1,317	1,342	1,776	1,623	6.2	150.1
9. INTERNAL COST ALLOCATIONS	895	8.8	953	40	122	249	330	1.3	-63.1
TOTAL	10,151	100.0	11,203	14,757	15,206	17,341	26,114	100.0	157.3
ADJUSTED TOTAL (2)	9,750		11,046	14,471	15,206	17,341	26,114		167.8

(1) Includes equipment and furniture maintenance.

(2) Adjusted for change in treatment of sales of services and products by netting out an equivalent level of expenditures from total other (non-credit) expenditures in 1977-78 to 1980-81.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 6

Total University System Ancillary Enterprises Income: 1977-78 to 1982-83
(\$000)

	1977-78		1978-79	1979-80	1980-81	1981-82	1982-83		% Change 1977-78 To 1982-83
	\$	% Share					\$	% Share	
1. ONTARIO GOVERNMENT GRANTS AND CONTRACTS									
(i) MCJ Grants		0.0							
(ii) Other	23	0.0	48	70	82	50	34	0.0	295.7
TOTAL ONTARIO GRANTS	23	0.0	48	70	82	141	125	0.1	443.5
2. MISCELLANEOUS FEES	37,922	39.6	40,526	43,824	46,401	51,393	56,586	29.2	49.2
3. OTHER INCOME									
(i) Federal Government Grants and Contracts		0.0				20	153	0.1	
(ii) Gifts, Donations, and Non-Government Grants	29	0.0			6	6	105	0.1	262.1
(iii) Sales of Services and Products	57,445	60.0	59,585	70,528	80,339	85,842	136,887	70.6	138.3
(iv) Investment Income		0.0	7	269	309	341	607	0.3	
(v) Miscellaneous	467	0.5	1,180	275	251	504	638	0.3	36.6
(vi) Interfund Transfers	(101)	-0.1	(132)	(478)	(344)	(352)	(1,172)	-0.6	1,060.4
TOTAL OTHER INCOME	57,840	60.4	60,647	70,600	80,561	86,361	137,218	70.8	137.2
TOTAL OPERATING INCOME	95,785	100.0	101,221	114,494	127,044	137,895	193,929	100.0	102.5

TE: Excludes affiliated colleges.

JRCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 7

Total University System Ancillary Enterprise Expenditures by Object of Expense: 1977-78 to 1982-83
(\$000)

	1977-78		1978-79	1979-80	1980-81	1981-82	1982-83		% Change 1977-78 To 1982-83
	\$	% Share					\$	% Share	
1. SALARIES AND WAGES									
(i) Faculty (Academic Ranks)	0	0.0	0	0	0	0	0	0	0.0
(ii) Other Instruction and Research	0	0.0	0	0	0	0	0	0	0.0
(iii) Other Salaries and Wages	24,517	25.6	24,795	30,586	34,835	35,201	54,105	27.8	120.7
TOTAL SALARIES AND WAGES	24,517	25.6	24,795	30,586	34,835	35,201	54,105	27.8	120.7
2. EMPLOYEE BENEFITS	2,168	2.3	2,327	2,649	3,155	3,343	5,187	2.7	139.3
TOTAL SALARIES AND BENEFITS	26,685	27.9	27,122	33,235	37,990	38,544	59,292	30.4	122.2
3. EQUIPMENT AND FURNITURE									
(i) Purchase	1,104	1.2	1,551	1,381	1,651	2,082	2,539	1.3	130.0
(ii) Rental	221	0.2	189	1,406	2,072	378	588	0.3	166.1
TOTAL EQUIPMENT AND FURNITURE	1,325	1.4	1,740	2,787	3,723	2,460	3,127	1.6	136.0
4. OPERATIONAL SUPPLIES AND EXPENSES (1)	8,725	9.1	8,602	14,075	12,487	14,122	18,513	9.5	112.2
5. COST OF GOODS SOLD	26,239	27.4	27,773	31,229	35,109	39,654	65,625	33.7	150.1
6. UTILITIES	3,384	3.5	4,217	8,405	9,938	11,548	12,546	6.4	270.7
7. TAXES	803	0.8	888	829	862	965	1,156	0.6	44.0
8. RENOVATIONS, ALTERATIONS and MAJOR REPAIRS	1,317	1.4	1,817	2,318	2,660	3,908	3,999	2.1	203.6
9. EXTERNALLY CONTRACTED SERVICES	7,293	7.6	8,322	10,089	11,331	13,189	14,720	7.6	101.8
10. PRINCIPAL AND INTEREST REPAYMENTS	10,521	11.0	10,711	10,649	10,562	10,374	11,330	5.8	7.7
11. LAND and SITE SERVICES	0	0.0	0	0	105	201	30	0.0	
12. BUILDINGS	0	0.0	0	0	50	260	261	0.1	
13. MISCELLANEOUS	1,112	1.2	962	1,051	1,365	1,215	3,225	1.7	190.0
14. INTERNAL COST ALLOCATIONS	8,346	8.7	8,300	335	285	776	981	0.5	-88.2
TOTAL	95,750	100.0	100,454	115,002	126,467	137,216	194,805	100.0	103.5

(1) Includes equipment and furniture maintenance.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 8

Total University System Trust and Endowment Income: 1977-78 to 1982-83

(\$000)

	1977-78		1978-79		1979-80		1980-81		1981-82		1982-83		% Change 1977-78 To 1982-83
	\$	% Share	\$	% Share	\$	% Share	\$	% Share	\$	% Share	\$	% Share	
1. ONTARIO GOVERNMENT GRANTS AND CONTRACTS													
(i) MCJ Grants	1	0.0	4						9		.17	0.0	1,600.0
(ii) Other	1,468	4.5	1,885		3,107		1,752		4,390		3,233	5.1	120.2
TOTAL ONTARIO GRANTS	1,469	4.5	1,889		3,107		1,752		4,399		3,250	5.1	121.2
2. OTHER INCOME													
(i) Government Grants and Contracts													
(a) Federal	3,101	9.5	2,345		2,641		2,500		3,829		4,962	7.8	60.0
(b) Other		0.0			381		400		50		70	0.1	
(ii) Gifts, Donations & Non-Government Contracts	15,970	49.2	22,250		18,575		21,659		25,844		45,237	70.9	183.3
(iii) Investment Income	12,183	37.5	14,869		17,115		22,731		31,278		31,379	49.2	157.6
(iv) Miscellaneous	4,847	14.9	4,386		4,807		8,271		9,327		2,564	4.0	-47.1
(v) Interfund Transfers	(5,082)	-15.6	(6,190)		(6,447)		(3,919)		(15,612)		(23,699)	-37.2	366.3
TOTAL OTHER INCOME	31,019	95.5	37,660		37,072		51,642		54,716		60,513	94.9	95.1
TOTAL OPERATING INCOME (1)	32,488	100.0	39,549		40,179		53,394		59,115		63,763	100.0	96.3
UNADJUSTED TOTAL OPERATING INCOME	34,024		43,677		44,811		53,394		59,115		63,763		87.4

(1) Adjusted for change in definition of trust and endowment revenue in 1980-81, when sales of services and products were netted against expenses.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 9

Total University System Trust and Endowment Expenditures by Object of Expense: 1977-78 to 1982-83
(\$000)

	1977-78		1978-79	1979-80	1980-81	1981-82	1982-83		% Change 1977-78 to 1982-83
	\$	% Share					\$	% Share	
1. SALARIES AND WAGES									
(i) Faculty (Academic Ranks)	1,782	6.8	1,437	2,358	2,258	2,674	2,764	5.0	55.1
(ii) Other Instruction and Research	1,752	6.7	1,605	2,486	2,328	2,413	3,687	6.7	110.4
(iii) Other Salaries and Wages	4,825	18.4	5,948	6,052	6,301	7,911	10,256	18.6	112.6
TOTAL SALARIES AND WAGES	8,359	31.8	8,990	10,896	10,887	12,998	16,707	30.2	99.9
2. EMPLOYEE BENEFITS	622	2.4	669	830	747	825	1,088	2.0	74.9
TOTAL SALARIES AND BENEFITS	8,981	34.2	9,659	11,726	11,634	13,823	17,795	32.2	98.1
3. LIBRARY ACQUISITIONS	666	2.5	653	741	626	754	823	1.5	23.6
4. EQUIPMENT AND FURNITURE									
(i) Purchase	1,088	4.1	1,172	1,981	2,809	3,078	6,616	12.0	508.1
(ii) Rental	37	0.1	118	188	60	27	90	0.2	143.2
TOTAL EQUIPMENT AND FURNITURE	1,125	4.3	1,290	2,169	2,869	3,105	6,706	12.1	496.1
5. OPERATIONAL SUPPLIES AND EXPENSES (1)	4,236	16.1	5,312	6,278	6,604	6,691	8,750	15.8	106.6
6. RENOVATIONS, ALTERATIONS and MAJOR REPAIRS	120	0.5	101	355	83	554	309	0.6	157.5
7. EXTERNALLY CONTRACTED SERVICES	25	0.1	13	17	70	109	38	0.1	52.0
8. SCHOLARSHIPS, BURSARIES, etc.	8,152	31.0	8,119	8,759	10,392	12,649	14,822	26.8	81.8
9. PRINCIPAL AND INTEREST REPAYMENTS	0	0.0	0	0	0	123	48	0.1	960.0
10. LAND AND SITE SERVICES	20	0.1	0	0	0	0	212	0.4	
11. BUILDINGS	0	0.0	0	0	0	0	371	0.7	
12. MISCELLANEOUS	2,326	8.9	3,142	3,113	5,223	4,610	5,448	9.9	134.2
13. INTERNAL COST ALLOCATIONS	616	2.3	97	26	78	3	(48)	-0.1	-107.8
TOTAL	26,267	100.0	28,386	33,184	37,579	42,421	55,274	100.0	110.4
ADJUSTED TOTAL (2)	24,731		24,258	28,552	37,579	42,421	55,274		123.5

(1) Includes equipment and furniture maintenance.

(2) Adjusted for change in treatment of services and products by netting out an equivalent level of expenditures from total trust and endowment expenditures from 1977-78 to 1979-80.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

Interprovincial Comparisons of University Revenue,
Total Operating Income Per FTE Student: 1977-78 to 1981-82

	1977-78		1978-79		1979-80		1980-81		1981-82	
	\$	Rank	\$	Rank	\$	Rank	\$	Rank	\$	Rank
British Columbia	5,182	3	5,715	3	6,058	4	6,468	4	7,408	2
Alberta	5,371	2	6,024	2	6,613	2	7,594	1	8,318	1
Saskatchewan	5,049	5	5,662	4	6,232	3	6,378	5	6,822	4
Manitoba	4,441	8	4,780	9	5,423	7	5,483	8	5,968	8
Quebec	5,165	4	5,347	5	5,890	5	6,683	3	7,009	3
New Brunswick	4,582	7	4,830	8	5,690	6	5,890	6	6,098	7
Nova Scotia	4,294	9	4,930	7	5,257	8	5,823	7	6,570	6
P.E.I.	3,256	10	4,418	10	4,973	10	5,073	10	5,566	10
Newfoundland	6,344	1	6,821	1	7,222	1	7,052	2	6,793	5
Weighted average for 9 provinces other than Ontario	5,069		5,451		5,974		6,575		7,071	
Ontario	4,594	6	5,038	6	5,239	9	5,421	9	5,794	9
Canada	4,894		5,304		5,711		6,163		6,616	

SOURCE: Fifth Report of the Tripartite Committee on Interprovincial Comparisons, January, 1984,
p. 10.

TABLE 11

Comparison of Revenue Per Student in Universities and in Elementary and Secondary Schools in Ontario in Constant 1977-78 Dollars,
1977-78 = 100.0: 1977-78 to 1982-83

	Index of Provincial Operating Grants Plus Tuition Fees Per FTE University Student	Index of Pro- vincial Grants Plus Local Tax Revenue Per Elementary and Secondary School Pupil(1)
1977-78	100.0	100.0
1978-79	99.3	98.6
1979-80	95.1	100.4
1980-81	89.2	96.6
1981-82	85.0	102.0
1982-83	84.2	104.5

(1) Provincial Grants to schools include the provincial contribution to the Teachers' Superannuation Fund.

NOTE: Indexes are in constant 1977-78 dollars, deflated by the January CPI for each year.

SOURCES: Ministry of Colleges and Universities,
Ministry of Education.

TABLE 12

Total University System Operating Income: 1977-78 to 1982-83
(\$000)

	1977-78		1978-79	1979-80	1980-81	1981-82	1982-83		% Change 1977-78 To 1982-83
	(\$000)	% Share					(\$000)	% Share	
1. ONTARIO GOVERNMENT GRANTS AND CONTRACTS									
(i) Formula	672,475	78.2	719,823	755,879	811,121	894,118	1,003,960	74.7	49.3
(ii) Extra Formula	9,594	1.1	10,256	10,764	11,154	12,287	13,740	1.0	43.2
(iii) MCU Grants	17,423	2.0	9,781	10,701	10,380	10,796	10,852	0.8	-37.7
(iv) Other	3,770	0.4	3,590	3,545	3,734	3,662	11,627	0.9	208.4
TOTAL ONTARIO GRANTS	703,262	81.8	743,450	780,889	836,389	920,863	1,040,179	77.4	47.9
2. FEES									
(i) Tuition Credit	129,421	15.1	129,864	138,372	163,288	195,460	241,506	18.0	86.6
(ii) Miscellaneous	7,969	0.9	8,215	8,937	10,147	11,110	15,250	1.1	91.4
TOTAL FEES	137,390	16.0	138,079	147,309	173,435	206,570	256,756	19.1	86.9
3. OTHER INCOME									
(i) Government Grants & Contracts									
(a) Federal	121	0.0	261	90	93	140	134	0.0	10.7
(b) Municipal	303	0.0	302	251	245	242	232	0.0	-23.4
(c) Other	0	0.0	0	0	11	7	15	0.0	
(ii) Gifts, Donations & Non-Government Grants	1,353	0.2	1,330	1,161	1,036	825	937	0.1	-30.7
(iii) Investment Income	8,354	1.0	10,616	15,047	17,242	23,647	20,437	1.5	144.6
(iv) Miscellaneous	4,844	0.6	5,081	5,138	6,938	6,901	9,469	0.7	95.5
(v) Interfund Transfers	4,192	0.5	5,462	5,431	7,737	9,917	15,404	1.1	267.5
TOTAL OTHER INCOME	19,167	2.2	23,052	27,118	33,302	41,679	46,628	3.5	143.3
TOTAL OPERATING INCOME (1)	859,819	100.0	904,581	955,316	1,043,126	1,169,112	1,343,563	100.0	56.3
UNADJUSTED TOTAL OPERATING INCOME	873,111		921,558	960,465	1,043,126	1,169,112	1,343,563		53.9

(1) The 1977-78 to 1979-80 figures are adjusted for the change in definition of operating revenue in 1980-81, when sales of services and products were netted against expenses.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 13

Ontario Universities' Operating Grant from the Ministry of Colleges and Universities: 1977-78 to 1982-83
(\\$000)

	1977-78 (\$000)	% Share	1978-79	1979-80	1980-81	1981-82	1982-83 (\$000)	% Share	% Change 1977-78 To 1982-83
1. FORMULA GRANTS	681,068	97.0	729,922	766,616	822,682	906,738	1,016,844	98.4	49.3
2. EXTRA FORMULA GRANTS									
(i) Differentiation/	2,650	0.4	1,900	1,450	1,250	1,550	1,600	0.2	-39.6
Supplementary Grants									
(ii) Northern Grants	2,917	0.4	3,213	3,416	3,591	3,804	4,130	0.4	41.6
(iii) Bilingualism Grants	5,078	0.7	4,627	6,246	6,697	7,372	8,606	0.8	69.5
3. NON-FORMULA LINE-ITEM GRANTS									
(i) Teacher Education	1,258	0.2	663	255	431	400	372	0.0	-70.4
(ii) Off Campus	212	0.0	204	245	311	367	340	0.0	60.4
(iii) Francophone	454	0.1	556	657	784	848	987	0.1	117.4
(iv) Energy Management	147	0.0	175		50				-100.0
(v) Building Repairs, Operating Cost Savings and Job Creation	5,800	0.8							-100.0
(vi) Other	2,465	0.3	783	1,165	560	463	497	0.1	-79.8
TOTAL OPERATING GRANTS	702,049	100.0	742,043	780,050	836,356	921,542	1,033,376	100.0	47.2
MUNICIPAL TAX GRANTS	8,121		7,944	7,756	7,765	8,012	8,399		3.4

NOTE: Excludes Ministry of Colleges and Universities' Grants for farm mechanics program, Bar Admission course, University of Toronto Schools, Royal Conservatory of Music, and O.E.C.A.

SOURCE: Ministry of Colleges and Universities.

TABLE 14

Interprovincial Comparisons of University Grants:
Provincial Operating Grants Per FTE Student: 1977-78 to 1981-82

	1977-78		1978-79		1979-80		1980-81		1981-82	
	\$	Rank	\$	Rank	\$	Rank	\$	Rank	\$	Rank
British Columbia	4,521	3	5,025	3	5,337	3	5,683	4	6,435	2
Alberta	4,797	1	5,339	2	5,813	2	6,758	1	7,386	1
Saskatchewan	4,107	5	4,615	5	5,096	5	5,302	5	5,612	5
Manitoba	3,874	7	4,123	7	4,770	6	4,499	7	5,098	6
Quebec	4,449	4	4,657	4	5,299	4	5,935	2	6,176	3
New Brunswick	3,905	6	4,364	6	4,762	7	4,929	6	4,998	7
Nova Scotia	3,497	9	3,819	9	4,074	10	4,379	9	4,908	8
P.E.I.	3,030	10	3,544	10	4,246	8	4,441	8	4,720	9
Newfoundland	4,625	2	5,485	1	5,994	1	5,684	3	5,847	4
Weighted average for 9 provinces other than Ontario	4,347		4,705		5,231		5,703		6,112	
Ontario	3,669	8	4,002	8	4,140	9	4,273	10	4,476	10
Canada	4,097		4,455		4,840		5,193		5,529	

SOURCE: Fifth Report of the Tripartite Committee on Interprovincial Comparisons, January, 1984, p. 6.

TABLE 15

Comparison of Provincial Support Per Student in Universities and
In Elementary and Secondary Schools in Ontario in Constant
1977-78 Dollars, 1977-78 = 100.0: 1977-78 to 1982-83

	Index of Provincial Operating Grants Per FTE University Student	Index of Provincial Support Per Elementary and Secondary School Pupil(1)
1977-78	100.0	100.0
1978-79	100.2	95.8
1979-80	95.7	96.2
1980-81	88.9	88.6
1981-82	83.9	95.0
1982-83	82.5	94.0

(1) Provincial Grants to schools include the provincial contribution to the Teachers' Superannuation Fund.

NOTE: Indexes are in constant 1977-78 dollars, deflated by the January CPI for each year.

SOURCES: Ministry of Colleges and Universities,
Ministry of Education.

TABLE 16

Total University System Operating Expenditures by Functional Area: 1977-78 to 1982-83
(\$000)

	1977-78 (\$000)	% Share	1978-79	1979-80	1980-81	1981-82	1982-83 (\$000)	% Share	% Change 1977-78 To 1982-83
1. ACADEMIC EXPENDITURES									
Instruction & Research	559,362	64.4	589,804	621,676	675,968	761,871	859,737	64.8	53.7
Library	61,095	7.0	63,547	67,618	76,110	83,082	92,799	7.0	51.9
Academic Computing	22,566	2.6	23,681	24,549	23,105	28,063	33,012	2.5	46.3
TOTAL ACADEMIC EXPENSES	643,023	74.0	677,032	713,843	775,183	873,016	985,548	74.2	53.3
2. NON-ACADEMIC EXPENDITURES									
Non-Academic Computing	11,651	1.3	13,665	13,983	14,484	16,276	19,034	1.4	63.4
Student Services	28,346	3.3	28,988	31,300	31,639	36,701	43,423	3.3	53.2
Administration	49,107	5.7	53,206	57,509	62,736	71,657	80,171	6.0	63.3
Physical Plant (1)	124,386	14.3	126,738	133,243	144,710	160,911	180,635	13.6	45.2
Other	11,820	1.4	12,479	13,335	15,387	14,637	18,574	1.4	57.1
TOTAL NON-ACADEMIC EXPENSES	225,310	26.0	235,076	249,370	268,956	300,182	341,837	25.8	51.7
TOTAL	868,333	100.0	912,108	963,213	1,044,139	1,173,198	1,327,385	100.0	52.9
ADJUSTED TOTAL (2)	855,041		895,131	948,064	1,044,139	1,173,198	1,327,385		55.2

(1) Includes taxes for years from 1977-78 to 1980-81 to ensure consistency with remaining years.

(2) Adjusted for change in treatment of sales of services and products by netting out an equivalent level of expenditures from total operating expenditures in 1977-78 to 1979-80.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 17

Total University System Operating Expenditures by Object of Expense: 1977-78 to 1982-83
(\$000)

	1977-78		1978-79		1979-80		1980-81		1981-82		1982-83		% Change 1977-78 To 1982-83
	(\$000)	% Share	(\$000)	% Share	(\$000)	% Share	(\$000)	% Share	(\$000)	% Share	(\$000)	% Share	
1. SALARIES AND WAGES													
(i) Faculty (Academic Ranks)	340,465	39.2	358,551		378,130		410,370		460,063		521,199	39.3	53.1
(ii) Other Instruction and Research	38,248	4.4	38,765		41,414		45,631		49,707		54,368	4.1	42.1
(iii) Other Salaries and Wages	250,779	28.9	262,280		269,626		289,875		326,037		368,262	27.7	46.8
TOTAL SALARIES AND WAGES	629,492	72.5	659,596		689,170		745,876		835,807		943,829	71.1	49.9
2. EMPLOYEE BENEFITS	70,281	8.1	76,281		77,522		83,119		97,059		115,519	8.7	64.4
TOTAL SALARIES AND BENEFITS	699,773	80.6	735,877		766,692		828,995		932,866		1,059,348	79.8	51.4
3. LIBRARY ACQUISITIONS	17,451	2.0	18,777		20,739		24,010		25,429		28,109	2.1	61.1
4. EQUIPMENT AND FURNITURE													
(i) Purchase	16,766	1.9	18,329		19,486		21,880		25,704		29,256	2.2	74.5
(ii) Rental	8,091	0.9	7,540		6,994		7,159		9,120		10,302	0.8	27.3
TOTAL EQUIPMENT AND FURNITURE	24,857	2.8	25,869		26,480		29,039		34,824		39,558	3.0	59.1
5. OPERATIONAL SUPPLIES AND EXPENSES (1)	50,851	5.8	53,009		56,909		61,570		69,010		74,085	5.6	45.7
6. UTILITIES	34,709	4.0	35,975		33,852		38,901		44,914		48,652	3.7	40.2
7. OTHER EXPENSES													
(i) Taxes	8,343	1.0	8,145		7,914		7,780		8,249		8,672	0.7	3.9
(ii) Renovations, Alterations and Major Repairs	9,645	1.1	8,144		8,760		9,885		11,658		15,097	1.1	56.5
(iii) Externally Contracted Services	11,905	1.4	12,664		12,390		11,968		12,699		16,855	1.3	41.6
(iv) Scholarships, Bursaries, Etc.	5,747	0.7	6,335		6,952		7,923		9,385		11,988	0.9	108.6
(v) Principal and Interest Repayments	294	0.0	311		856		394		307		286	0.0	-2.7
(vi) Land & Site Services	150	0.0	14		39		279		14		15	0.0	-90.0
(vii) Buildings	585	0.1	201		0		817		17		87	0.0	-85.1
(viii) Miscellaneous	20,698	2.4	21,708		23,717		25,227		28,058		29,201	2.2	41.1
(ix) Internal Cost Allocations (2)	-16,675	-1.9	-14,921		-2,087		-2,649		-4,232		-4,568	-0.3	-72.6
TOTAL OTHER EXPENSES	40,692	4.7	42,601		58,541		61,624		66,155		77,633	5.8	90.8
TOTAL	868,333	100.0	912,108		963,213		1,044,139		1,173,198		1,327,385	100.0	52.9
ADJUSTED TOTAL (3)	855,041		895,131		948,064		1,044,139		1,173,198		1,327,385		55.2

(1) Includes equipment and furniture maintenance.

(2) Since 1979-80, internal cost allocations under the physical plant functional area have been netted against the objects of expense in physical plant. Therefore, the other objects of expense are \$10.906 million larger in 1977-78 and \$10.191 million larger in 1979-80 than they would be under the subsequent definition of internal cost allocations.

(3) Adjusted for change in treatment of sales of services and products by netting out an equivalent level of expenditures from total operating expenditures from 1977-78 to 1979-80.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 18

Academic Staff Complements: 1977-78 to 1982-83

	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>	<u>1982-83</u>
Full-Time Tenure Stream	9,808	9,926	9,795	9,851	9,976	10,067
Full-Time Limited Term	1,643	1,584	1,584	1,516	1,513	1,523
FTE of Part-Time	1,815.9	1,751.3	1,666.6	1,699.0	1,693.5	1,678.9
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FTE	13,266.9	13,261.3	13,045.6	13,066.0	13,182.5	13,268.9

NOTE: Data were not available for: Algoma, Nipissing, Hearst and Dominican College, the Ontario College of Art and the church-related affiliates of the provincially assisted universities. Full-time faculty is reported as of October 1st of each year.

SOURCE: Council of Ontario Universities.

TABLE 19

Total University System Capital Income: 1977-78 to 1982-83
(\$000)% Change
1977-78 To
1982-83

	1977-78 (\$000)	% Share	1978-79	1979-80	1980-81	1981-82	1982-83 (\$000)	% Share	
1. ONTARIO GOVERNMENT FUNDING									
(i) MCU Grants	2,070	4.8	11,812	10,210	12,159	10,746	12,611	30.2	509.2
(ii) Other	9,259	21.3	6,947	6,287	17,408	22,238	16,508	39.5	78.3
(iii) Long Term Debt (Borrowings)	17,639	40.5	0	0	0	0	0	0.0	-100.0
TOTAL ONTARIO GOVERNMENT FUNDING	28,968	66.5	18,759	16,497	29,567	32,984	29,119	69.6	0.5
2. OTHER INCOME									
(i) Non-Government Long Term Debt	6,087	14.0	698	633	1,727	0	657	1.6	-89.2
(ii) Federal Government Grants & Contracts	0	0.0	165	4	0	0	567	1.4	
(iii) Fees (Miscellaneous)	0	0.0	38	39	39	0	0	0.0	
(iv) Gifts, Donations & Non- Government Grants	3,084	7.1	3,070	2,086	4,058	4,525	2,980	7.1	-3.4
(v) Investment Income	3,121	7.2	2,834	3,082	3,016	3,753	3,759	9.0	20.4
(vi) Miscellaneous	1,012	2.3	2,106	1,750	2,902	1,088	911	2.2	-10.0
(vii) Interfund Transfers	1,258	2.9	1,150	1,785	621	2,381	3,825	9.1	204.1
TOTAL OTHER INCOME	14,562	33.5	10,061	9,379	12,363	11,747	12,699	30.4	-12.8
TOTAL CAPITAL INCOME (1)	43,530	100.0	28,820	25,876	41,930	44,731	41,818	100.0	-3.9
UNADJUSTED TOTAL CAPITAL INCOME	43,936		29,224	26,339	41,930	44,731	41,818		-4.8

(1) 1977-78 to 1979-80 figures exclude sales of services and products to ensure consistency with remaining years when sales of services and products were netted against expenses.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 20

Historical Summary

Capital Funding for Universities, Ryerson, OCA: 1944-64 to 1983-84

(\$000)

	<u>OUCAC Debentures(4)</u>	<u>Capital Grants</u>	<u>Special Capital</u>	<u>Health(2) Sciences</u>	<u>Min.of Energy</u>	<u>Wintario Grants(3)</u>	<u>Minor Repairs & Maintenance</u>	<u>Total</u>
1944-64		83,448						83,44
1964-65	45,600							45,60
1965-66	89,239							89,23
1966-67	93,105							93,10
1967-68	99,995							99,99
1968-69	132,974							132,97
1969-70	101,619			7,634				109,25
1970-71	111,760			28,045				139,80
1971-72	114,739			21,308				136,04
1972-73	89,162			9,550				98,71
1973-74	46,254			8,238				54,49
1974-75	17,398			4,244				21,64
1975-76	16,236			4,176	435		2,746	23,59
1976-77	11,190			5,330	115	985	4,086	21,70
1977-78	18,250			7,693	146		5,800(1)	31,88
1978-79		15,247		2,076	178			17,50
1979-80		13,500		5,107	45	930		19,58
1980-81		13,500		4,924	50	2,170		20,64
1981-82		13,500		8,774	515			22,78
1982-83		14,270		5,100	250		10,000(5)	29,62
1983-84(7)		12,200	7,439(6)	5,100	1,043			25,78
CUMULA- TIVE TOTAL	1,153,186		7,439	127,299	2,777	4,085	22,632	1,317,41

(1) Amount added to operating grant base in 1979-80.

(2) Excludes bridge financing grants, but includes \$804,000 for biohazard containment 1979-80.

(3) Amounts committed in the year shown.

(4) Capital projects funded by debentures issued by the Government of Ontario.

(5) BILD Summer and Winter job creation program.

(6) BILD - Part of \$18.55 million - Capital works acceleration program, 1983-85.

(7) Excludes \$12 million grants for undergraduate teaching equipment and library books and facilities acquisition - reported under operating grants.

SOURCE: Ministry of Colleges and Universities.

TABLE 21
Annual OCUA Recommendation for New Capital Funding for Major Repairs, Renovations and Replacement Projects
and Government Allocation of Capital Grants: 1976-77 to 1983-84 (\$000)

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
(A) GRANTS FOR WHICH OCUA MAKES RECOMMENDATIONS: OCUA Recommendation for Funding of New Major Repairs, Renovations and Replacement Projects (Excluding Carry-Overs and New Construction)	11,800.0	14,100.0	14,500.0	17,900.0	19,100.0	21,200.0	23,100.0	25,300.0
(B) GOVERNMENT GRANTS IN RESPONSE TO THE OCUA RECOMMENDATIONS: 1. Major Renovations and Repairs New Starts	6,182.0	6,533.8	5,326.0	850.0	4,661.9	6,305.0	4,470	6,372.0
(Shortfall in Government New Capital Funding for Major Repairs and Renovations)	(5,618.0)	(7,566.2)	(9,174.0)	(17,050.0)	(14,438.1)	(14,895.0)	(18,630)	(18,928)
(C) GOVERNMENT GRANTS FOR WHICH OCUA DOES NOT MAKE RECOMMENDATIONS: 1. Major Renovations and Repairs (continued) Carry-Overs	2,523.4	4,865.0	2,499.1	10,451.1	7,072.1	5,464.5	5,530	5,828
2. New Construction New Starts	2,208.0	411.7	2,118.0	-	50.0	-	-	-
Carry-Overs	-	5,769.5	5,303.5	2,198.9	1,716.0	1,730.5	3,500	-
TOTAL	2,208.0	6,181.2	7,421.5	2,198.9	1,766.0	1,730.5	3,500	-
3. Land Purchases	-	609.0	-	-	-	-	-	-
New Starts	276.6	-	-	-	-	-	-	-
Carry-Overs	-	-	-	-	-	-	-	-
TOTAL	276.6	609.0	-	-	-	-	-	-
TOTAL GOVERNMENT CAPITAL GRANTS ⁽¹⁾	11,190.0	18,189.0	15,246.6	13,500.0	13,500.0	13,500.0	13,500.0	12,200

Notes: 1. Sum of "New Starts" in Section (B) and "New Starts" and "Carry-Overs" in Section (C).

Source: Ministry of Colleges and Universities.

TABLE 22

Total University System Capital Expenditures: 1977-78 to 1982-83
(\$000)

	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	% Change 1977-78 To 1982-83
	(\$000)					(\$000)	% Share
1. SALARIES AND WAGES (i) Other Salaries and Wages	8	0.0	72	8	8	0.0	-100.0
2. EMPLOYEE BENEFITS		9	8				
TOTAL SALARIES & BENEFITS	8	0.0	80	8	8	0	-100.0
3. LIBRARY ACQUISITIONS	63	0.1	57	242	84	74	17.5
4. EQUIPMENT AND FURNITURE (i) Purchase	4,032	8.0	2,937	1,395	3,451	6,439	59.7
5. OPERATIONAL SUPPLIES AND EXPENSES	237	0.5	408	413	435	20	-91.6
6. RENOVATIONS, ALTERATIONS AND MAJOR REPAIRS	6,427	12.8	4,208	9,472	10,255	14,247	121.7
7. PRINCIPAL AND INTEREST REPAYMENTS	1,613	3.2	73	93	136	94	-94.2
8. LAND AND SITE SERVICES	996	2.0	1,435	612	489	1,071	7.5
9. BUILDINGS	36,759	73.2	18,587	39,443	26,076	23,447	-36.2
10. MISCELLANEOUS	73	0.1	19	43		46	-37.0
11. INTERNAL COST ALLOCATIONS	6	0.0	-22			43	616.7
TOTAL	50,214	100.0	27,782	51,721	40,934	45,481	-9.4
ADJUSTED TOTAL (1)	49,808		27,319	51,721	40,934	45,481	-8.7

(1) Adjusted for change in treatment of sales of services and products by netting out an equivalent level of expenditures from total capital expenditures from 1977-78 to 1979-80.

NOTE: Excludes affiliated colleges.

Total University System Sponsored Research Income: 1977-78 to 1982-83

	(\$000)					1981-82		1982-83		% Change 1977-78 To 1982-83
	1977-78 (\$000)	% Share	1978-79	1979-80	1980-81	(\$000)		% Share		
1. ONTARIO GOVERNMENT FUNDING										
(i) MCU Grants	1,289	1.0	89	59	28	365	1,207	0.4	-6.4	
(ii) Other	21,971	17.2	26,229	28,520	29,413	35,423	45,766	16.7	108.3	
TOTAL ONTARIO	23,260	18.2	26,318	28,579	29,441	35,788	46,973	17.1	101.9	
GOVERNMENT FUNDING										
2. FEDERAL GOVERNMENT GRANTS AND CONTRACTS										
	75,316	58.8	76,293	91,452	111,722	142,213	153,381	55.9	103.6	
3. OTHER INCOME										
(i) Municipal Govern- ment Grants	6	.0	140	388	179	148	163	0.1	2616.7	
(ii) Other Government Grants & Contracts	0	0.0	0	3,926	4,408	5,378	6,612	2.4		
(iii) Gifts, Donations & Non- Government Grants	21,359	16.7	28,705	34,501	42,319	61,087	59,361	21.6	177.9	
(iv) Investment Income	894	0.7	1,030	1,243	1,739	2,524	2,557	0.9	186.0	
(v) Miscellaneous	7,481	5.8	11,945	8,477	9,205	720	799	0.3	-89.3	
(vi) Interfund Transfers	-267	-0.2	8	-38	-3,223	3,388	4,492	1.6	1,782.4	
TOTAL OTHER INCOME	29,473	23.0	41,828	48,497	54,627	73,245	73,984	27.0	151.0	
TOTAL SPONSORED RESEARCH INCOME (1)	128,049	100.0	144,439	168,528	195,790	251,246	274,338	100.0	114.2	
UNADJUSTED TOTAL SPONSORED RESEARCH INCOME	128,348		144,747	168,993	195,790	251,246	274,338		113.7	

(1) 1977-78 to 1980-81 figures exclude sales of services and products to ensure consistency with remaining years when sales of services and products were netted against expenses.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

TABLE 24

Total University System Sponsored Research Expenditures by Object of Expense: 1977-78 to 1982-83
(\$000)

	1977-78		1978-79		1979-80		1980-81		1981-82		1982-83		% Change 1977-78 To 1982-83
	(\$000)	% Share	(\$000)	% Share	(\$000)	% Share	(\$000)	% Share	(\$000)	% Share	(\$000)	% Share	
1. SALARIES AND WAGES													
(i) Faculty (Academic Ranks)	9,808	7.8	12,495		14,183		16,016		19,710		23,813	8.6	142.8
(ii) Other Instruction and Research	25,916	20.6	32,898		30,235		34,006		44,215		57,296	20.6	121.1
(iii) Other Salaries and Wages	34,000	27.1	31,428		43,101		49,288		54,357		62,222	22.4	83.0
TOTAL SALARIES AND WAGES	69,724	55.5	76,821		87,519		99,310		118,282		143,331	51.6	105.6
2. EMPLOYEE BENEFITS	4,607	3.7	4,691		5,079		5,847		7,597		9,606	3.5	108.5
TOTAL SALARIES AND BENEFITS	74,331	59.2	81,512		92,598		105,157		125,879		152,937	55.1	105.8
3. LIBRARY ACQUISITIONS	390	0.3	314		629		738		597		586	0.2	50.3
4. EQUIPMENT AND FURNITURE													
(i) Purchase	9,396	7.5	11,523		16,783		21,111		33,359		41,755	15.0	344.4
(ii) Rental	251	0.2	255		352		372		482		697	0.3	177.7
TOTAL EQUIPMENT AND FURNITURE	9,647	7.7	11,778		17,135		21,483		33,841		42,452	15.3	340.1
5. OPERATIONAL SUPPLIES AND EXPENSES (1)	26,822	21.4	32,520		36,476		42,118		47,650		56,591	20.4	111.0
6. UTILITIES	6	0.0	52		586		574		796		1,188	0.4	19700.0
7. RENOVATIONS, ALTERATIONS and MAJOR REPAIRS	907	0.7	177		82		53		316		190	0.1	-79.1
8. EXTERNALLY CONTRACTED SERVICES	22	0.0	36		83		98		143		275	0.1	1150.0
9. SCHOLARSHIPS, BURSARIES, Etc.	233	0.2	305		413		542		598		621	0.2	166.5
10. MISCELLANEOUS	6,457	5.1	12,210		12,652		14,058		16,624		19,637	7.1	204.1
11. INTERNAL COST ALLOCATIONS	6,812	5.4	5,617		1,708		2,164		3,204		3,262	1.2	-52.1
TOTAL	125,627	100.0	144,521		162,362		186,985		229,648		277,739	100.0	121.1
ADJUSTED TOTAL (2)	125,328		144,213		161,897		186,985		229,648		277,739		121.6

(1) Includes equipment and furniture maintenance.

(2) Adjusted for change in treatment of sales of services and products by netting out an equivalent level of expenditures from total sponsored research expenditures from 1977-78 to 1979-80.

NOTE: Excludes affiliated colleges.

SOURCE: Committee of Finance Officers - Universities of Ontario, Financial Report of Ontario Universities, Vol. 1.

